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CITY OF FARMERS BRANCH, TEXAS

# Comprehensive Annual Financial Report

For the Year Ended September 30, 2020

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**City of Farmers Branch, Texas**
**Comprehensive Annual Financial Report**

For the Year Ended September 30, 2020

**City Council:**

| | |
|---|---|
| Robert C. Dye | Mayor |
| John Norwood | Mayor Pro Tem, District 3 |
| Terry Lynne | Deputy Mayor Pro Tem, District 4 |
| Cristal Retana | District 1 |
| Bronson Blackson | District 2 (see note below) |
| Mike Bomgardner | District 5 |

(From Left) Deputy Mayor Pro Tem Terry Lynne, Councilmember Mike Bomgardner, Mayor Robert C. Dye, Councilmember Bronson Blackson, Councilmember Cristal Retana, Mayor Pro Tem John Norwood

**City Manager**
Charles S. Cox

**Prepared by**
Finance Department
Sherrelle Evans-Jones, CPA
Director of Finance

Note: Due to the COVID-19 pandemic, the scheduled May 2020 election was postponed until November 2020 (after the budget was adopted). During this election, Mr. Michael Driskill was elected for District 2 and Mayor Robert C. Dye was re-elected to serve a second term.The term of office for both Mr. Driskill and Mayor Dye will be from November 3, 2020 through May 2, 2023.

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**For the Year Ended September 30, 2020**

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(concluded)

City of Farmers Branch
13000 William Dodson Parkway
Farmers Branch, Texas 75234

March 16, 2021

Honorable Mayor and City Council
City of Farmers Branch
Farmers Branch, Texas

We are pleased to submit the Comprehensive Annual Financial Report of the City of Farmers Branch, Texas for the year ended September 30, 2020. The purpose of the report is to provide the Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

## THE REPORT

The Texas Local Government Code (§103.001) requires Management to present a draft of annual audits of municipalities and the City Charter (Sec. 2-18) requires an annual audit of the books of account, financial records, and other evidence of transactions by a certified public accountant within 120 days of the end of the fiscal year. These requirements have been fulfilled and the independent auditors' report is included with this report for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, L.L.P. has issued unmodified opinions on the City of Farmers Branch financial statements for the year ended September 30, 2020. Additionally, BKD, L.L.P. has issued a management letter with noted suggestions to improve internal controls related to capital assets. Management welcomes these comments as an opportunity for continued process improvements in financial controls. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The City of Farmers Branch (City) covers approximately 12.1 square miles and is conveniently located on Dallas' northern border. It lies in the heart of an 11-county area that has emerged as a premier commercial, financial, and trading center. Two major interstate highways (IH-35 and IH-635), the Dallas North Tollway and the President George Bush Turnpike, border the City. The Dallas/Fort Worth International Airport and the Dallas Love Field Airport are only minutes from Farmers Branch. These factors all contribute to the favorable business climate existing within the City.

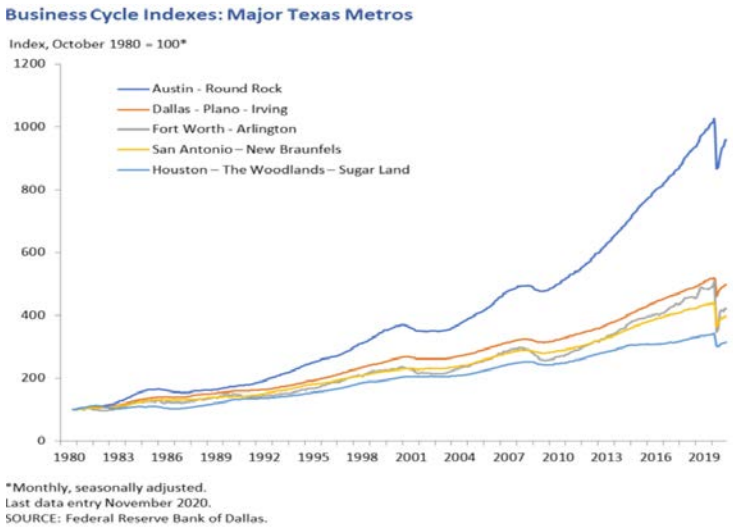
The City of Farmers Branch was incorporated in 1946 under the general laws of the State of Texas. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and five other members, all elected on a non-partisan basis. The term of office is three years, with the terms of two members expiring every year. Term limits allow two terms for at-large members and an additional two terms for an at-large member who becomes Mayor. The City Manager is the chief executive officer for the City.

Although the residential population has recently been estimated at 41,848, Farmers Branch serves a daytime population of 66,000 (per the United States Census Bureau's *American Community Survey – 5 Year Estimates*). The City provides a full range of municipal services including public safety (police and fire protection), streets, water and sanitary sewer utilities, stormwater utility, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative functions. The City of Farmers Branch also is financially accountable for Tax Increment Financing Districts No. 1 and No. 2, Tax Increment Reinvestment Zone No. 3, and the Farmers Branch Local Government Corporation (FBLGC), which are included as blended component units and the North Texas Emergency Communications Center, Inc. (NTECC) and North Dallas County Water Supply Corporation (NDCWSC), which are included as joint ventures. Additional information on these six entities can be found in the notes to the financial statements (See Note 1.A).

The City Council enacts the budget through passage of an ordinance prior to the start of each fiscal year. This budget serves as the foundation for the City of Farmers Branch's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund and special revenue funds. Capital projects funds are budgeted over the life of a project. The City Manager is authorized to transfer resources within each department and between departments within the same fund. City Council approval is necessary for all other transfers (See Note 1.D).

## LOCAL ECONOMY

According to the Federal Reserve Bank of Dallas' November 2020 Regional Economic Update published December 4, 2020, "Dallas–Fort Worth's recovery from the economic effects of COVID-19 progressed further in October. Payrolls expanded broadly, unemployment dipped and the Dallas and Fort Worth business-cycle indexes rose. Activity in the housing market remained a bright spot, characterized by soaring sales, prices and construction activity. Apartment rent collections in November slightly trailed both October and year-earlier levels."



The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries, and includes many of the nation's foremost businesses. Slightly more than seventy-one percent (71.2%) of the City's tax base comes from the business community.

In fiscal year 2020, actual general fund revenues of $64.1 million represented an increase of 1.2 percent from prior year actuals. General fund property tax revenues increased 11.2 percent from prior year actuals due primarily to increased residential and commercial property valuations. Sales and use tax revenues decreased 1.4 percent from prior year actuals due primarily to the pandemic.

The fiscal year 2021 budget estimates that general fund revenues will increase by approximately $618,200 from the 2020 adopted budget due primarily to higher property values. The budget emphasizes investment in infrastructure and equipment needed to continually improve basic service to citizens. The fiscal year 2021 budget details water and sewer revenues at $2,400 greater than the fiscal year 2020 adopted budget. Water and sewer fund expenses are projected to increase by almost $3.0 million compared to the prior year's adopted budget due primarily to increased pay-as-you-go funding for utility replacements and inflow and infiltration (I&I) remediation.

## LONG-TERM FINANCIAL PLANNING

Users of this document as well as others interested in the programs and services offered by the City of Farmers Branch are encouraged to read the City's 2020-21 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. The City's budget also includes long-term financial plans for the general fund that forecasts revenues and expenditures over a five-year horizon. The document can be obtained from the City of Farmers Branch finance department by calling (972) 247-3131. The budget can also be accessed through the City's web site at www.farmersbranchtx.gov and selecting the Finance department using the web site's "department quicklink."

## RELEVANT FINANCIAL POLICIES

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The concept notes that the City will strive to maintain a general fund unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual general fund expenditures plus other financing sources and uses. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating.

The City of Farmers Branch invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by State law. Staff provides a quarterly report of investments for City Council review. The City's investment practice is to buy securities and hold them to maturity to avoid potential losses from a sale. During fiscal year 2020, the City complied with all aspects of the investment policy.

## MAJOR INITIATIVES

In fiscal year 2020, construction of the Mercer Crossing planned development continued on the City's west side. The impact of this estimated $1 billion value development will continue to be significant. Public improvements totaling $33 million (financed with public improvement district bonds) are being constructed. As properties are developed and sold, it is anticipated that close to 10,000 new residents and many new businesses will continue to enter Farmers Branch creating new revenue and expanded needs for city services. This mixed-use development of 1,000 single-family homes, 2,250 apartment units, hotels, retail, office and restaurants is planned for build-out within five years ultimately increasing net property tax revenue (after 40% tax increment finance participation) to the City by $1.4 million per year. This additional revenue is expected to cover the increased operational cost of delivering services required by the development.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmers Branch for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. The City has received this prestigious award for thirty-one consecutive years. In order to be awarded a Certificate of Achievement, the City must publish easily readable and efficiently organized financial statements that satisfy both generally accepted accounting principles and applicable legal requirements.

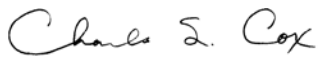
A Certificate of Achievement is valid for a period of one year only. The City believes its current financial statements continue to meet the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2019. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the finance department and our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,

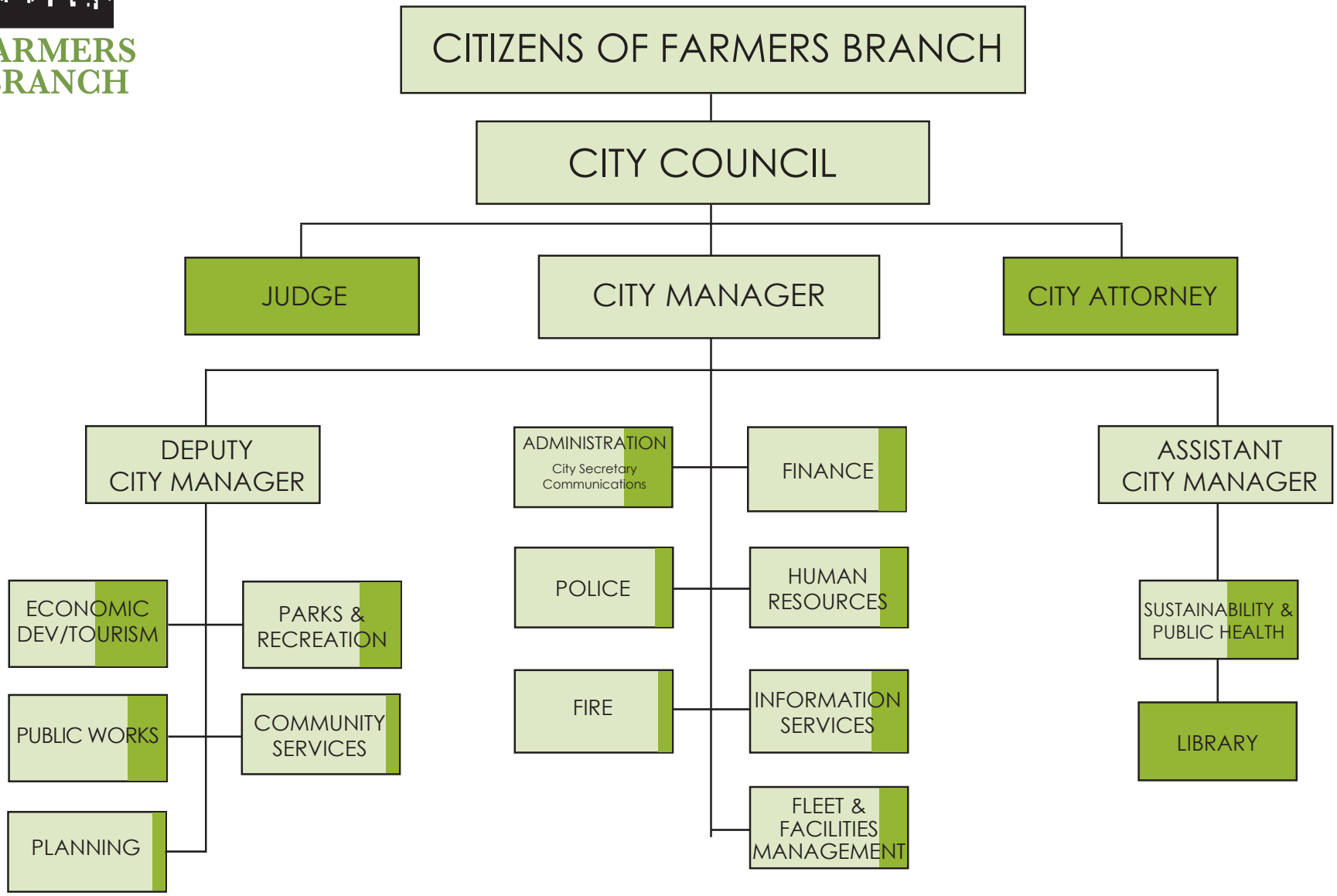


Charles S. Cox
City Manager

Sherrelle Evans-Jones, CPA
Director of Finance

FARMERS BRANCH

# CITY OF FARMERS BRANCH
## FY 2019-20 ORGANIZATION CHART



**City of Farmers Branch, Texas**
**List of Principal Officials**

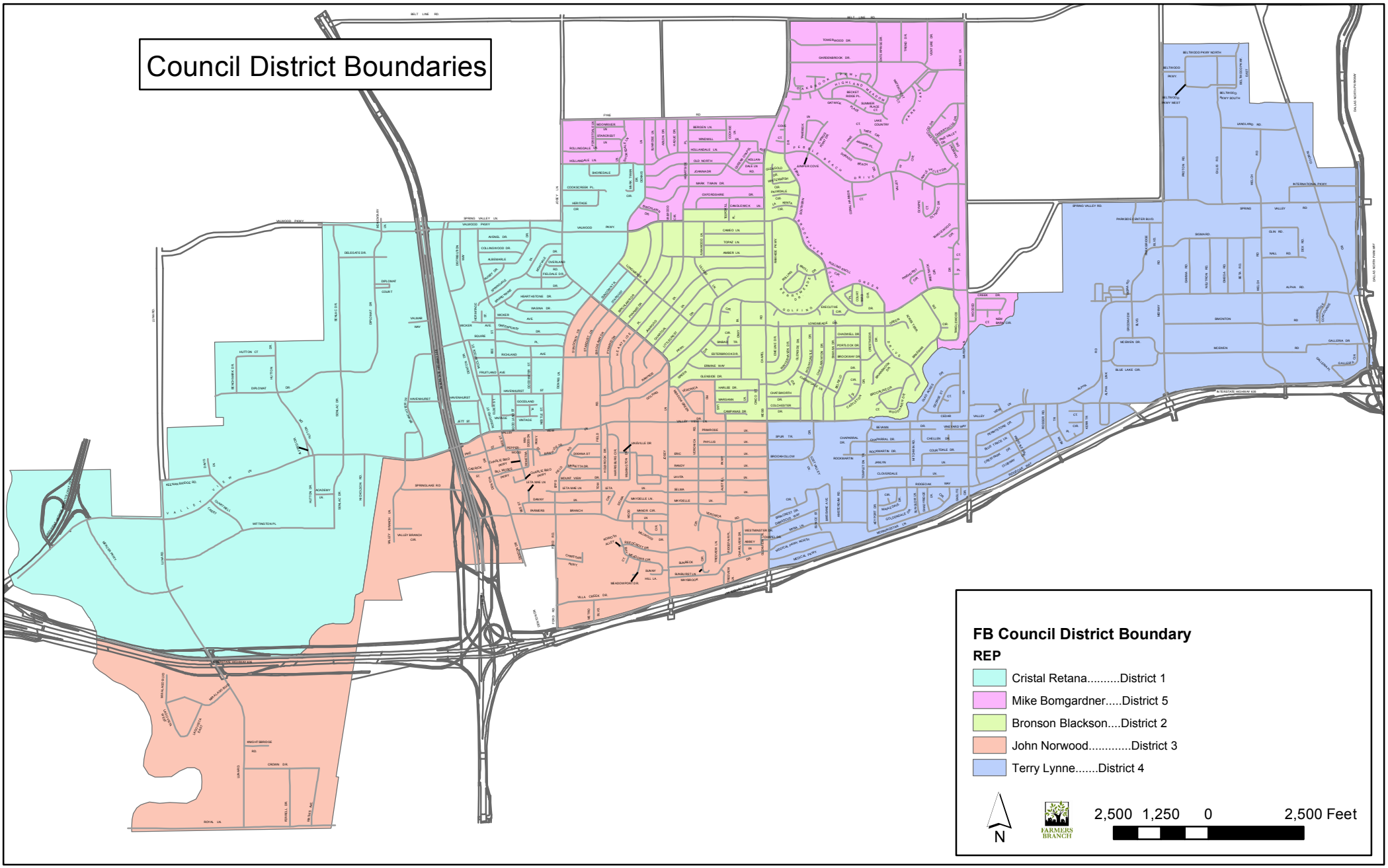
## City Council

| | |
|---|---|
| Robert C. Dye | Mayor |
| John Norwood | Mayor Pro Tem, District 3 |
| Terry Lynne | Deputy Mayor Pro Tem, District 4 |
| Cristal Retana | District 1 |
| Bronson Blackson | District 2 (see note below) |
| Mike Bomgardner | District 5 |

## Appointed Officials

| | |
|---|---|
| Charles S. Cox | City Manager |
| John Land | Deputy City Manager |
| Ben Williamson | Assistant City Manager |
| Terry Carnes | City Judge |
| Amy Piukana | City Secretary |
| Jeff L. Brady | Communications Director [beginning January 2021] |
| Tom Bryson | Communications Director [October thru December 2020] |
| Hugh Pender | Community Services Director |
| Allison Cook | Economic Development & Tourism Director |
| Sherrelle Evans-Jones | Finance Director |
| Gabriel Vargas | Fire Chief |
| Kevin Muenchow | Fleet & Facilities Management Director |
| Brian Beasley | Human Resources Director |
| Mark Samuels | Innovation & Technology Director |
| Michael Mashburn | Parks & Recreation Director |
| Tina Firgens | Planning Director |
| David Hale | Police Chief |
| Marc Bentley | Public Works Director |
| Shane Davis | Sustainability & Public Health Director |

Note: Due to the COVID-19 pandemic, the scheduled May 2020 election was postponed until November 2020 (after the budget was adopted). During this election, Mr. Michael Driskill was elected for District 2 and Mayor Robert C. Dye was re-elected to serve a second term.The term of office for both Mr. Driskill and Mayor Dye will be from November 3, 2020 through May 2, 2023.


Council District Boundaries
FB Council District Boundary
REP
Cristal Retana.....District 1
Mike Bomgardner.....District 5
Bronson Blackson....District 2
John Norwood.....District 3
Terry Lynne.....District 4
N
FARMERS BRANCH
2,500 1,250 0 2,500 Feet

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Farmers Branch**
**Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

BKD
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

# Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Farmers Branch, Texas
Farmers Branch, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Farmers Branch, Texas (City) of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and grant fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PRAXITY
Empowering Business Globally

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit for the year ended September 30, 2020, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining, and individual fund statements, budgetary schedules, statistical section, and continuing financial disclosure tables, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and budgetary schedules are the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2020, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2020.

The City’s basic financial statements for the year ended September 30, 2019 (not presented herein), were audited by other auditors whose report thereon dated January 21, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated January 21, 2020, stated that the combining and individual fund statements for the year ended September 30, 2019, was subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2019.

The introductory section, statistical section, and continuing financial disclosure tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
March 16, 2021

As management of the City of Farmers Branch (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

## *FINANCIAL HIGHLIGHTS*

- The City's total combined net position as presented on the Government-wide Statement of Net Position was $209,453,339, which represents an increase of $31,352,089 from the prior year. This was primarily due to the impact of the Mercer Crossing planned development on the City's west side.
- The City's governmental funds reported combined ending fund balances of $60,252,307, an increase of $5,901,843 in comparison with the prior year. The increase in total fund balance was primarily due to the receipt of bond proceeds from debt issued during the fiscal year and to the receipt of grant funds related to the COVID-19 pandemic.
- The unassigned fund balance for the general fund was $16,720,978 or approximately 23.46 percent of total general fund expenditures plus other financing sources and uses. This represents a decrease of $1,107,998 from the prior fiscal year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was $20,028,502 or approximately 30 percent of total general fund expenditures.
- The City's long-term liabilities decreased ($12,456,573) during the current fiscal year primarily due to a decrease in the net pension liability offset by the issuance of debt during the year. The accounting standards for pensions will reflect more volatility in the amount of the liability from year-to-year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

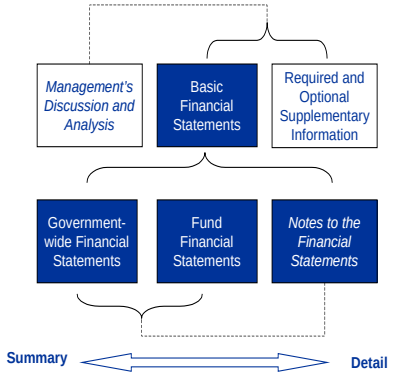
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information required to be presented by the Governmental Accounting Standards Board and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).

**Required Components of**
**City of Farmers Branch's Annual Financial Report**




Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and stormwater utilities.

The government-wide financial statements can be found in Exhibit A of this report.

**Fund Financial Statements -** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

**Governmental Funds -** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 24 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and grants fund, which are the only two major funds for the reporting year. Data from the other 22 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B of this report.

**Proprietary Funds -** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer utility and stormwater utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its facilities and fleet management, workers' compensation, and health claims funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer fund and stormwater utility fund are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibit C of this report.

**Notes to Basic Financial Statements -** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found in Exhibit D of this report.

**Other Information -** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found in Exhibit E of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information on the pensions and OPEB. Combining and individual statements and schedules can be found in Exhibit F through Exhibit H of this report.

## *GOVERNMENT-WIDE FINANCIAL ANALYSIS*

The City's net position, the amount that assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, was $209,453,339 at the close of the most recent fiscal year.

*CONDENSED NET POSITION*

| | Governmental Activities | | Business-Type Activities | | Total - Primary Government | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | $ 75,044,786 | $ 71,052,826 | $ 21,916,975 | $ 22,234,405 | $ 96,961,761 | $ 93,287,231 |
| Capital assets | 176,709,034 | 158,191,542 | 52,442,370 | 51,298,312 | 229,151,404 | 209,489,854 |
| Total assets | 251,753,820 | 229,244,368 | 74,359,345 | 73,532,717 | 326,113,165 | 302,777,085 |
| Total deferred outflows of resources | 5,937,071 | 17,436,446 | 320,644 | 919,100 | 6,257,715 | 18,355,546 |
| Noncurrent liabilities | 102,857,059 | 114,437,279 | 1,975,612 | 2,851,965 | 104,832,671 | 117,289,244 |
| Other liabilities | 8,799,133 | 23,690,034 | 1,213,958 | 1,846,035 | 10,013,091 | 25,536,069 |
| Total liabilities | 111,656,192 | 138,127,313 | 3,189,570 | 4,698,000 | 114,845,762 | 142,825,313 |
| Total deferred inflows of resources | 7,666,288 | 187,521 | 405,491 | 18,547 | 8,071,779 | 206,068 |
| Net position: | | | | | | |
| Net investment in capital assets | 140,767,184 | 120,256,477 | 52,383,379 | 50,795,139 | 193,150,563 | 171,051,616 |
| Restricted | 9,407,269 | 8,793,762 | | | 9,407,269 | 8,793,762 |
| Unrestricted | (11,806,042) | (20,684,259) | 18,701,549 | 18,940,131 | 6,895,507 | (1,744,128) |
| Total net position | $ 138,368,411 | $ 108,365,980 | $ 71,084,928 | $ 69,735,270 | $ 209,453,339 | $ 178,101,250 |

The largest portion of the City's combined net position in the amount of $193,150,563 reflects its investments in capital assets (e.g., land, buildings, equipment, intangible assets, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of $9,407,269 represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's combined unrestricted net position is a surplus of $6,895,507 due to a positive balance in business-type activities. A deficit of $11,806,042 exists in the governmental activities net position. Please refer to the Notes to the Financial Statements (Exhibit D) for the City's plan to reduce the deficit in the governmental activities.

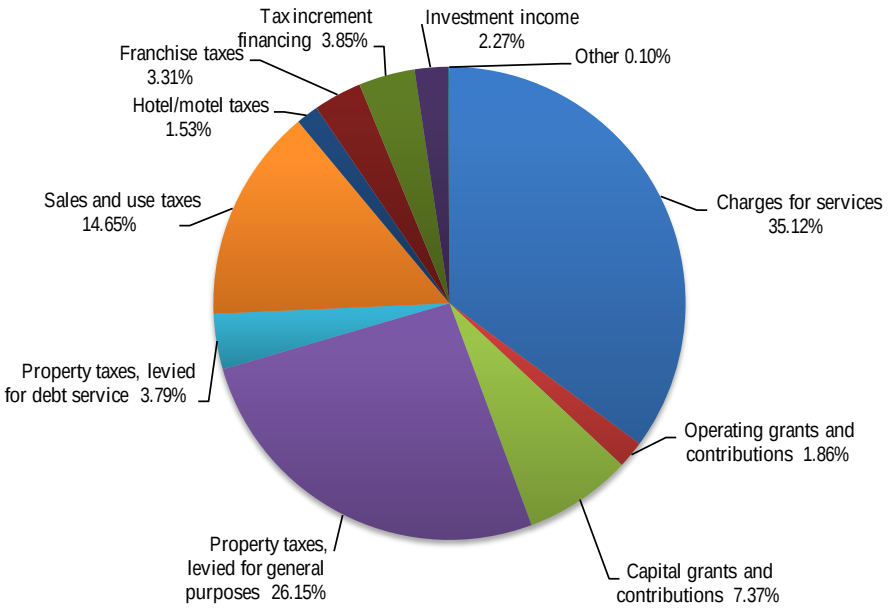
The unrestricted net position of the business-type activities is a positive balance of $18,701,549; however, these resources cannot be used to make up a portion of the deficit in the governmental activities unrestricted net position. The City generally can only use this net position to finance continuing water and sewer operations.

Analysis of the City's Operations – During the current fiscal year, the net position for governmental activities increased $30,002,431 from the prior fiscal year for an ending balance of $138,368,411. This increase is attributable in large part to the development on the City's west side, which increased capital contributions, building permits and property and sales taxes. Additionally, the increase is also attributed to the gain on sale of disposal of capital assets and the gain on the extinguishment of debt. The net position of the business-type activities increased $1,349,658 from the prior fiscal year for an ending balance of $71,084,928. The rates for water and sewer service were increased approximately five percent. The development on the City's west side also included capital contributions of $2,716,505 for the business-type activities.

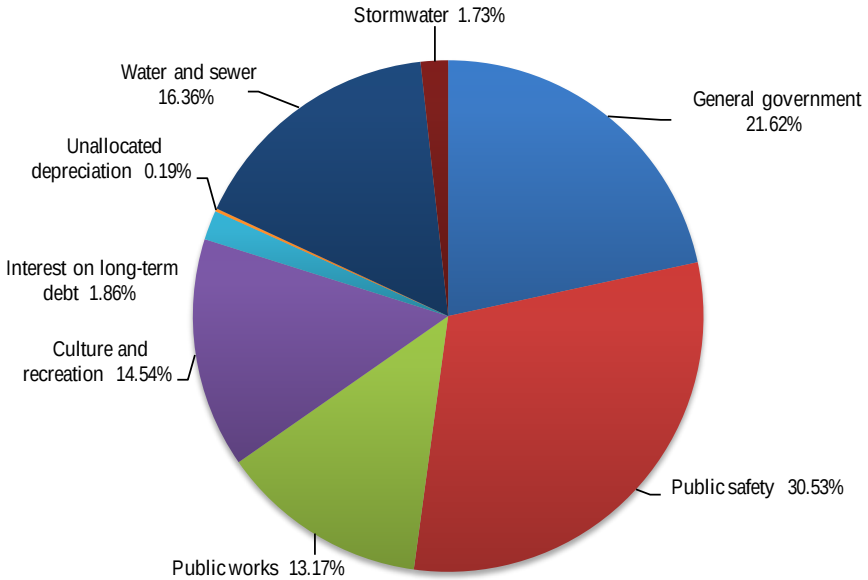
*CHANGES IN NET POSITION*

| | Governmental Activities | | Business-Type Activities | | Total - Primary Government | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 13,114,957 | $ 16,947,249 | $ 28,029,705 | $ 25,734,892 | $ 41,144,662 | $ 42,682,141 |
| Operating grants and contributions | 2,177,925 | 516,444 | | | 2,177,925 | 516,444 |
| Capital grants and contributions | 5,920,245 | 10,004,978 | 2,716,505 | 4,365,188 | 8,636,750 | 14,370,166 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes | 30,636,546 | 27,431,177 | | | 30,636,546 | 27,431,177 |
| Property taxes, levied for debt service | 4,443,207 | 4,584,944 | | | 4,443,207 | 4,584,944 |
| Sales and use taxes | 17,164,707 | 17,410,323 | | | 17,164,707 | 17,410,323 |
| Hotel/motel taxes | 1,794,067 | 3,115,374 | | | 1,794,067 | 3,115,374 |
| Franchise taxes | 3,873,220 | 4,150,775 | | | 3,873,220 | 4,150,775 |
| Tax increment financing | 4,513,776 | 7,351,606 | | | 4,513,776 | 7,351,606 |
| Investment income | 2,393,143 | 2,935,658 | 270,165 | 308,111 | 2,663,308 | 3,243,769 |
| Miscellaneous | 114,726 | 35,918 | | | 114,726 | 35,918 |
| Total revenues | 86,146,519 | 94,484,446 | 31,016,375 | 30,408,191 | 117,162,894 | 124,892,637 |
| Expenses: | | | | | | |
| General government | 21,181,076 | 19,575,431 | | | 21,181,076 | 19,575,431 |
| Public safety | 29,902,691 | 29,155,722 | | | 29,902,691 | 29,155,722 |
| Public works | 12,899,719 | 13,841,348 | | | 12,899,719 | 13,841,348 |
| Culture and recreation | 14,243,692 | 15,349,830 | | | 14,243,692 | 15,349,830 |
| Interest on long-term debt | 1,823,611 | 3,474,315 | | | 1,823,611 | 3,474,315 |
| Unallocated depreciation | 185,799 | 246,659 | | | 185,799 | 246,659 |
| Water and sewer | | | 16,026,496 | 16,513,832 | 16,026,496 | 16,513,832 |
| Stormwater utility | | | 1,693,104 | 1,509,879 | 1,693,104 | 1,509,879 |
| Total expenses | 80,236,588 | 81,643,305 | 17,719,600 | 18,023,711 | 97,956,188 | 99,667,016 |
| Change in net position before other financing sources (uses) | 5,909,931 | 12,841,141 | 13,296,775 | 12,384,480 | 19,206,706 | 25,225,621 |
| Gain on disposal of capital assets | 2,165,410 | | | | 2,165,410 | |
| Gain on extinguishment of debt | 9,979,973 | | | | 9,979,973 | |
| Transfers | 11,947,117 | 2,270,926 | (11,947,117) | (2,270,926) | | |
| Change in net position | 30,002,431 | 15,112,067 | 1,349,658 | 10,113,554 | 31,352,089 | 25,225,621 |
| Net position-beginning | 108,365,980 | 93,253,913 | 69,735,270 | 59,621,716 | 178,101,250 | 152,875,629 |
| Net position--ending | $ 138,368,411 | $ 108,365,980 | $ 71,084,928 | $ 69,735,270 | $ 209,453,339 | $ 178,101,250 |

## Total Sources of Revenue


Tax increment financing 3.85%
Investment income 2.27%
Franchise taxes 3.31%
Other 0.10%
Hotel/motel taxes 1.53%
Sales and use taxes 14.65%
Charges for services 35.12%
Property taxes, levied for debt service 3.79%
Operating grants and contributions 1.86%
Property taxes, levied for general purposes 26.15%
Capital grants and contributions 7.37%

## Total Expenses by Activity



*FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS*

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $60,252,307. Of this total, $31,040,799 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of $4,253,071 is considered nonspendable because it has been used for inventory and prepaid items. A total of $8,237,459 has been assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, payment of debt service, and for other purposes. The remaining $16,720,978 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is $16,720,978, while total fund balance is $23,576,710. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance and total general fund balance to total general fund expenditures and other financing sources and uses. Unassigned general fund balance represents 23.46 percent of total general fund expenditures plus other financing uses, while total fund balance represents 33.08 percent of that same amount.

The fund balance of the general fund decreased $116,381 during the fiscal year. Revenues were $738,313 higher than the prior year. Property tax revenue increased $3,082,170 due primarily to higher valuations; however, all other revenue sources showed some decline primarily due to less overall activity as a result of the COVID-19 pandemic. Expenditures were $6,221,674 higher than the prior year due to increased public safety spending and increased spending for economic development. The fund balance of the grants fund increased $654,217 due to the award of CARES funding during the fiscal year.

Proprietary Funds - The City's water and sewer fund and stormwater utility fund are the enterprise components of the City's proprietary funds. These fund's financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer fund was $14,141,365 and the stormwater utility fund was $4,071,494. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's various functions. The City uses internal service funds to account for facilities and fleet management and the City's workers' compensation and health insurance self-insurance programs. Because all of these services primarily benefit governmental rather than business-type activities, they have been included with governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights – During the fiscal year ending September 30, 2020, the City Council adopted amendments to the budget. In the general fund, final budgeted revenues increased $124,300 and final budgeted expenditures increased $4,775,238 compared to the original budget. The budget for transfers out, which is an "other financing use" increased $1,634,500 to provide additional funding for projects in the stormwater utility fund. Variances with Final Budget are denoted in Exhibit B-5. During the fiscal year ending September 30, 2020, management evaluated budget estimates that might result from the COVID-19 pandemic. The most notable variances from the final budget include $1.1 million of property taxes, which exceed budget due to management lowering revenue expectations. Actual expenditures from General Government, Economic Development and Culture and Recreation were less than budgeted by $1.2 million, $1.3 million and $1.1 million, respectively. This is due to a reduction of expenses and the delay of projects implemented by management and Council out of an abundance of caution as the City approached the COVID-19 pandemic. Actual results of the COVID-19 pandemic far exceeded management and Council's initial expectations.

*CAPITAL ASSETS*

The City's investment in capital assets for its government-wide activities as of September 30, 2020, amounts to $229,151,404 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, intangible assets, and construction in progress.

Major capital asset events during the current fiscal year included the following:

*Completed Projects*

- Fire Station No. 2 relocation for $5,719,163
- Keenan Service Center for $7,872,617
- Marsh Lane Pedestrian Bridge Extension for $894,473
- Brookhaven Trail East paving for $853,990
- Camelot Landfill Scale House and Maintenance Facility for $5,402,500

*Amounts Spent for Ongoing Projects*

- Street improvements for $3,432,601
- Utility improvements for $3,131,203
- Trail Improvements adopted in Trail Master Plan for $2,174,146
- Athletic Field Light Replacement for $1,194,837
- Recreation Center Renovation for $1,081,781

Capital Assets at Year-End
Net of Accumulated Depreciation

| | Governmental Activities | | Business-Type Activities | | Total - Primary Government | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | $ 39,411,462 | $ 40,050,932 | $ 603,364 | $ 603,364 | $ 40,014,826 | $ 40,654,296 |
| Buildings | 51,456,519 | 41,676,514 | 6,375,376 | 6,646,197 | 57,831,895 | 48,322,711 |
| Equipment | 10,018,835 | 9,552,372 | 1,571,959 | 1,762,676 | 11,590,794 | 11,315,048 |
| Improvements | 5,725,201 | 3,659,582 | 15,566 | 16,712 | 5,740,767 | 3,676,294 |
| Infrastructure | 57,797,593 | 53,622,503 | 43,122,642 | 39,083,308 | 100,920,235 | 92,705,811 |
| Intangible assets | 866,082 | 563,375 | 608,439 | 389,675 | 1,474,521 | 953,050 |
| Construction in progress | 11,433,342 | 9,066,264 | 145,024 | 2,796,380 | 11,578,366 | 11,862,644 |
| Total | $ 176,709,034 | $ 158,191,542 | $ 52,442,370 | $ 51,298,312 | $ 229,151,404 | $ 209,489,854 |

Additional information on the City's capital assets can be found in the notes to basic financial statements.

*DEBT ADMINISTRATION*

At the end of the current fiscal year, the City had a total bonded debt of $60,949,386. A portion of this debt is considered to be self-supporting in that it will be repaid from sources other than property taxes. A portion in the amount of $3,236,879 comprises debt to be repaid from hotel/motel tax revenues and lease payments from the Dallas Stars. Another portion in the amount of $3,459,407 comprises debt to be repaid from a sale of land at the landfill and a portion of landfill revenue. Both of these portions are backed by the full faith and credit of the government.

Outstanding Debt at Year-End

| | Governmental Activities | |
|---|---|---|
| | 2020 | 2019 |
| General obligation bonds | $ 60,949,386 | $ 55,232,993 |
| Total | $ 60,949,386 | $ 55,232,993 |

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

| | Moody's Investors Service | Date Confirmed | Fitch Ratings | Date Confirmed | Standard & Poor's | Date Confirmed |
|---|---|---|---|---|---|---|
| 2009 Combination tax and revenue, taxable | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2010 General obligation refunding and improvement | Aa2 | April 28, 2020 | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2011 General obligation refunding bonds, taxable | Aa2 | April 28, 2020 | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2012 Certificates of obligation (bank issued) | n/a | n/a | n/a | n/a | n/a | n/a |
| 2013 Certificates of obligation | Aa2 | April 28, 2020 | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2014 Certificates of obligation | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2014 General obligation | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2016 Certificates of obligation | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2018 Certificates of obligation | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2018 General obligation | n/a | n/a | AA+ | August 31, 2020 | AA+ | September 3, 2020 |
| 2020 General obligation refunding bonds | Aa2 | April 28, 2020 | AA+ | August 31, 2020 | AA+ | September 3, 2020 |

Additional information on the City's long term-debt can be found in the notes to basic financial statements.

*ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES*

The fiscal year 2020-21 budget has been prepared with the objectives of maintaining the financial strength of the City, meeting the needs of citizens, and implementing the priorities of the City Council. The budget has been developed to be responsive to residents and businesses feeling financial stress and includes a one-cent reduction in the property tax rate to $0.5890; implementation of a $15,000 increase in the over-65 exemption [equivalent to a four-cent tax property tax rate reduction]; no water, sewer or stormwater rate increase; continued business grant funding for COVID related expenditures; and, increased funding to assist residents with food and rental-assistance expenditures.

The 86th Texas Legislature recently passed Senate Bill 2 into law, which effectively limits existing property tax revenue to 3.5% per year without voter approval beginning with the fiscal year 2020-21 budget. Realizing that future revenue growth will be capped, significant efforts have been made in the fiscal year 2020-21 budget to direct a majority of growth to investments in capital improvements. The budget emphasizes investment in public safety, infrastructure, and equipment including Farmers Branch Creek channel improvements; continuation of a street bond program; increased utility replacement funding; completion of a corridor vision study for IH-35E; Station Area development (Restaurant Park); increased police and fire funding; increased economic development funding; library renovations; park, playground and trail improvements; construction of John F. Burke Nature Preserve enhancements; street revitalization and improvement funding; Residential Revitalization Programs; a Farmers Branch Creek well project; and, installation of solar panels at three City facilities.

Revenues are projected to stabilize in 2020-21 due to the impacts of COVID-19 with gradual improvement anticipated in the third quarter of the fiscal year. Property tax and sales tax revenue represent 74 percent of total general fund revenues. In past years, the City has had the fortune of a strong tax base and fund balances. Due to the Coronavirus pandemic and new appraisal review requirements resulting from Senate Bill 2, the Dallas Central Appraisal District provided cities with an "Estimated Certified" property value. The "Estimated Certified" property values utilized in preparing the 2020-21 budget was $6.79 billion, representing an increase of 8.51% over prior year values – of which 80% comes from new construction. The commercial tax base, including real and business personal property, represents a strong 71% of the City's total tax base.

Due to increased revenues associated with property value growth, the budget was developed to decrease the property tax rate just over one-cent to 58.9 cents per $100 valuation. A property tax rate at this level continues to position Farmers Branch at one of the lowest rates in Dallas County. Sales tax revenue is the City's second largest source of revenue and has been impacted by the COVID-19 pandemic, with revenues from existing businesses anticipated to decrease approximately 5.77%. The 2020-21 budget includes an anticipated increase in building permit revenue of $197,000 resulting from a few larger permitting requests on the City's west side. Additionally, refuse services revenue is expected to increase by $870,000 as a result of increased tonnage made possible by the Camelot Landfill Permit Expansion completed in 2017. Total general fund budgeted revenue is projected to increase by less than one percent or $618,200 compared to the prior year's adopted budget.

Budgeted general fund expenditures are expected to increase by $3,319,100 compared to the prior year's adopted budget. The increases are due primarily to an increase in transfers to fund capital infrastructure improvements. Significant changes include: $467,500 of additional Innovation and Technology costs related to fixed asset cost of a new hardware data storage system and further implementation of the City's cybersecurity plan and preparedness; $780,000 of additional Fire department costs associated with the planned purchase of a new fire truck; $287,300 of additional Parks and Recreation costs related to the purchase of new fitness equipment and transfers related to renovation of the Recreation Center; additional street revitalization funding of $1,000,000; and library renovations and improvements totaling $2,550,000.

With business and recreational travel being dramatically reduced due to the COVID-19 pandemic, anticipated revenues from hotel/motel taxes are expected to decrease by 49%. Hotel/motel expenditures are budgeted at $805,400 less due primarily to the reduction of hotel incentives, which are paid as a result of hotel room night occupancy.

The budget details business-type funds revenues at $2,400 greater than the prior year's adopted budget and does not include any increase in water, sewer or stormwater rates. Expenditures are budgeted at $3,924,500 greater than the prior year's adopted budget due primarily to $3.0 million in increased funding for utility replacements and inflow and infiltration remediation. The stormwater utility fund includes expenditures of $4,419,800 for stormwater projects and compliance activities.

*REQUEST FOR INFORMATION*

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash, cash equivalents, and investments | $ 62,597,862 | $ 12,965,645 | $ 75,563,507 |
| Receivables (net of allowance for uncollectibles) | 6,997,330 | 3,708,209 | 10,705,539 |
| Inventories | 4,219,343 | | 4,219,343 |
| Deposits | 35,000 | | 35,000 |
| Prepaid items | 61,691 | 12,073 | 73,764 |
| Equity interest in joint venture | 1,133,560 | 5,231,048 | 6,364,608 |
| Capital assets: | | | |
| Nondepreciable | 50,844,804 | 748,388 | 51,593,192 |
| Depreciable, net of accumulated depreciation | 125,864,230 | 51,693,982 | 177,558,212 |
| Total assets | 251,753,820 | 74,359,345 | 326,113,165 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows from pensions | 5,106,539 | 245,884 | 5,352,423 |
| Deferred outflows from OPEB | 755,877 | 74,760 | 830,637 |
| Deferred outflows on refunding | 74,655 | | 74,655 |
| Total deferred outflows of resources | 5,937,071 | 320,644 | 6,257,715 |
| LIABILITIES | | | |
| Accounts payable and other accrued liabilities | 5,656,246 | 1,028,879 | 6,685,125 |
| Retainage payable | 190,925 | 75,167 | 266,092 |
| Accrued interest payable | 360,262 | | 360,262 |
| Deposits payable | 1,088,670 | 598,602 | 1,687,272 |
| Internal balances | 488,690 | (488,690) | |
| Unearned revenue | 1,014,340 | | 1,014,340 |
| Noncurrent liabilities: | | | |
| Due within one year | 5,132,381 | 25,054 | 5,157,435 |
| Due in more than one year | 97,724,678 | 1,950,558 | 99,675,236 |
| Total liabilities | 111,656,192 | 3,189,570 | 114,845,762 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows from pensions | 7,447,355 | 391,141 | 7,838,496 |
| Deferred inflows from OPEB | 145,085 | 14,350 | 159,435 |
| Deferred inflows on refunding | 73,848 | | 73,848 |
| Total deferred inflows of resources | 7,666,288 | 405,491 | 8,071,779 |
| NET POSITION | | | |
| Net investment in capital assets | 140,767,184 | 52,383,379 | 193,150,563 |
| Restricted for: | | | |
| Construction of capital assets | 2,128,780 | | 2,128,780 |
| Promotion of tourism | 2,133,641 | | 2,133,641 |
| Purposes of grantors/trustees | 1,274,703 | | 1,274,703 |
| Debt service | 2,997,410 | | 2,997,410 |
| Law enforcement | 849,944 | | 849,944 |
| Fire training | 22,791 | | 22,791 |
| Unrestricted (deficit) | (11,806,042) | 18,701,549 | 6,895,507 |
| Total net position | $ 138,368,411 | $ 71,084,928 | $ 209,453,339 |

The accompanying notes are an integral part of the financial statements.

CITY OF FARMERS BRANCH, TEXAS

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | $ 21,181,076 | $ 3,045,884 | $ 1,723,772 | $ 25,612 |
| Public safety | 29,902,691 | 3,453,793 | 346,300 | |
| Public works | 12,899,719 | 5,658,875 | 13,808 | 5,894,633 |
| Culture and recreation | 14,243,692 | 956,405 | 94,045 | |
| Interest on long-term debt | 1,823,611 | | | |
| Unallocated depreciation | 185,799 | | | |
| Total governmental activities | 80,236,588 | 13,114,957 | 2,177,925 | 5,920,245 |
| Business-type activities: | | | | |
| Water and sewer | 16,026,496 | 26,328,682 | | 2,716,505 |
| Stormwater utility | 1,693,104 | 1,701,023 | | |
| Total business-type activities | 17,719,600 | 28,029,705 | | 2,716,505 |
| Total primary government | $ 97,956,188 | $ 41,144,662 | $ 2,177,925 | $ 8,636,750 |
| General revenues and transfers: | | | | |
| Taxes: | | | | |
| Property taxes, levied for general purposes | | | | |
| Property taxes, levied for debt service | | | | |
| Sales and use taxes | | | | |
| Hotel/motel taxes | | | | |
| Franchise taxes | | | | |
| Tax increment financing | | | | |
| Investment income | | | | |
| Gain on disposal of capital assets | | | | |
| Gain on extinguishment of debt | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position--beginning | | | | |
| Net position--ending | | | | |

The accompanying notes are an integral part of the financial statements.

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| $ (16,385,808) | $ | $ (16,385,808) |
| (26,102,598) | | (26,102,598) |
| (1,332,403) | | (1,332,403) |
| (13,193,242) | | (13,193,242) |
| (1,823,611) | | (1,823,611) |
| (185,799) | | (185,799) |
| (59,023,461) | | (59,023,461) |
| | 13,018,691 | 13,018,691 |
| | 7,919 | 7,919 |
| | 13,026,610 | 13,026,610 |
| $ (59,023,461) | $ 13,026,610 | $ (45,996,851) |
| 30,636,546 | | 30,636,546 |
| 4,443,207 | | 4,443,207 |
| 17,164,707 | | 17,164,707 |
| 1,794,067 | | 1,794,067 |
| 3,873,220 | | 3,873,220 |
| 4,513,776 | | 4,513,776 |
| 2,393,143 | 270,165 | 2,663,308 |
| 2,165,410 | | 2,165,410 |
| 9,979,973 | | 9,979,973 |
| 114,726 | | 114,726 |
| 11,947,117 | (11,947,117) | |
| 89,025,892 | (11,676,952) | 77,348,940 |
| 30,002,431 | 1,349,658 | 31,352,089 |
| 108,365,980 | 69,735,270 | 178,101,250 |
| $ 138,368,411 | $ 71,084,928 | $ 209,453,339 |

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | General | Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash, cash equivalents, and investments | $ 20,132,550 | $ 1,730,445 | $ 36,624,346 | $ 58,487,341 |
| Receivables (net of allowance for uncollectibles) | 6,288,488 | | 571,705 | 6,860,193 |
| Accrued interest and other | 60,550 | | 68,392 | 128,942 |
| Inventories | 3,492,830 | | 703,800 | 4,196,630 |
| Prepaid items | 55,378 | | 1,063 | 56,441 |
| Total assets | $ 30,029,796 | $ 1,730,445 | $ 37,969,306 | $ 69,729,547 |
| LIABILITIES | | | | |
| Accounts payable | $ 4,609,219 | $ 135,538 | $ 582,049 | $ 5,326,806 |
| Retainage payable | 35,886 | | 155,039 | 190,925 |
| Deposits payable | 17,652 | | 1,071,018 | 1,088,670 |
| Unearned revenue | 66,411 | 940,690 | 7,239 | 1,014,340 |
| Total liabilities | 4,729,168 | 1,076,228 | 1,815,345 | 7,620,741 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 1,723,918 | | 132,581 | 1,856,499 |
| Total deferred inflows of resources | 1,723,918 | | 132,581 | 1,856,499 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventory | 3,492,830 | | 703,800 | 4,196,630 |
| Prepaid items | 55,378 | | 1,063 | 56,441 |
| Restricted: | | | | |
| Construction of capital assets | | | 18,799,688 | 18,799,688 |
| Landfill closure/postclosure | | | 3,052,071 | 3,052,071 |
| Promotion of tourism | | | 2,132,578 | 2,132,578 |
| Purpose of grantors, trustees and donors | | 654,217 | 620,486 | 1,274,703 |
| Economic development | | | 1,911,614 | 1,911,614 |
| Debt service | | | 2,997,410 | 2,997,410 |
| Law enforcement | | | 849,944 | 849,944 |
| Fire training operations | | | 22,791 | 22,791 |
| Assigned: | | | | |
| Construction of capital assets | | | 4,929,935 | 4,929,935 |
| Other capital assets | 1,622,836 | | | 1,622,836 |
| Economic development | 823,292 | | | 823,292 |
| Other purposes | 861,396 | | | 861,396 |
| Unassigned | 16,720,978 | | | 16,720,978 |
| Total fund balances | 23,576,710 | 654,217 | 36,021,380 | 60,252,307 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 30,029,796 | $ 1,730,445 | $ 37,969,306 | $ 69,729,547 |

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 60,252,307 |
| Amounts reported for governmental activities in the statement of net position (page 11) are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (net of internal service fund capital assets of $7,980,260). | | 168,728,774 |
| Equity investment in joint venture is not a current financial resource. Therefore, it is not reported in the governmental funds. | | 1,133,560 |
| Deferred outflows of resources are not reported in the governmental funds: | | |
| Deferred outflows on pension (net of internal service fund of $139,077) | 4,967,462 | |
| Deferred outflows on OPEB (net of internal service fund of $41,532) | 714,345 | |
| Deferred outflows on debt refunding | 74,655 | 5,756,462 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | 1,856,499 |
| Internal service funds are used by management to charge the cost of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position (less amount allocated to business-type activities of $488,690). | | 9,576,258 |
| Long-term liabilities, including bonds payable, (net of internal service fund) are not due and payable in the current period and, therefore, are not reportedin the funds. | | |
| Bonds payable | (57,670,000) | |
| Add: Issuance premium (to be amortized over life of debt) | (3,279,386) | |
| Accrued interest payable | (360,262) | |
| Compensated absences | (5,074,161) | |
| TMRS liability | (23,341,396) | |
| OPEB liability (net of internal service fund of $18,801) | (4,506,624) | |
| Landfill liability | (7,259,296) | |
| | | (101,491,125) |
| Deferred inflows of resources are not reported in the governmental funds: | | |
| Deferred inflows from OPEB (net of internal service fund of $7,973) | (137,112) | |
| Deferred inflows on pension (net of internal service fund of $213,991) | (7,233,364) | |
| Deferred inflows on debt refinancing | (73,848) | |
| | | (7,444,324) |
| Net position of governmental activities | | $ 138,368,411 |

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | General | Grants | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| REVENUES | | | | |
| Property taxes | $ 30,480,025 | $ | $ 4,427,203 | $ 34,907,228 |
| Sales and use taxes | 17,164,707 | | | 17,164,707 |
| Hotel/motel taxes | | | 1,794,067 | 1,794,067 |
| Franchise taxes | 3,876,525 | | 63,357 | 3,939,882 |
| Tax increment financing | | | 4,513,776 | 4,513,776 |
| Licenses and permits | 2,883,283 | | | 2,883,283 |
| Charges for services | 7,056,305 | | 1,375,704 | 8,432,009 |
| Fines and forfeitures | 1,560,596 | | 149,326 | 1,709,922 |
| Investment income | 1,026,467 | | 1,366,676 | 2,393,143 |
| Intergovernmental | | 1,972,941 | 509,763 | 2,482,704 |
| Developer contributions | | | 327,498 | 327,498 |
| Miscellaneous | 63,699 | | 155,270 | 218,969 |
| Total revenues | 64,111,607 | 1,972,941 | 14,682,640 | 80,767,188 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 18,300,051 | 1,022,716 | 1,017,721 | 20,340,488 |
| Public safety | 28,555,541 | 287,608 | 614,800 | 29,457,949 |
| Public works | 9,623,549 | 8,400 | 598,822 | 10,230,771 |
| Culture and recreation | 11,275,025 | | 1,627,243 | 12,902,268 |
| Debt service: | | | | |
| Principal retirement | | | 4,120,000 | 4,120,000 |
| Interest and fiscal agent charges | | | 4,597,248 | 4,597,248 |
| Issuance costs | | | 177,131 | 177,131 |
| Capital outlay | | | 10,554,026 | 10,554,026 |
| Total expenditures | 67,754,166 | 1,318,724 | 23,306,991 | 92,379,881 |
| Deficiency of revenues under expenditures | (3,642,559) | 654,217 | (8,624,351) | (11,612,693) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,787,700 | | 3,450,500 | 8,238,200 |
| Transfers out | (3,875,700) | | (288,000) | (4,163,700) |
| General obligation bonds issued | | | 12,305,000 | 12,305,000 |
| Premium on debt issued | | | 1,178,547 | 1,178,547 |
| Payment to refunded bond escrow agent | | | (3,290,921) | (3,290,921) |
| Sale of general capital assets | 2,499,452 | | 633,232 | 3,132,684 |
| Insurance recoveries | 114,726 | | | 114,726 |
| Total other financing sources | 3,526,178 | | 13,988,358 | 17,514,536 |
| Net change in fund balances | (116,381) | 654,217 | 5,364,007 | 5,901,843 |
| Fund balances--beginning | 23,693,091 | | 30,657,373 | 54,350,464 |
| Fund balances--ending | $ 23,576,710 | $ 654,217 | $ 36,021,380 | $ 60,252,307 |

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 5,901,843 |
| Amounts reported for governmental activities in the statement of activities (page 12) are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. | 6,213,161 |
| The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers and donations) is to increase net position. | 4,541,145 |
| The change in equity interest in joint venture decreases net position. | (79,305) |
| Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase/(decrease) during the current year in unavailable revenue that is earned but not collected. | (59,818) |
| The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (6,068,547) |
| Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenue, expenditures, and changes in fund balance and as acturarilly determined in the government-wide statement of activities. In current year, reported expenditures at the fund level were greater than expenses reported at government-wide. | 11,257,105 |
| Internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities (net of $29,443 allocated to business-type activities). | 8,296,847 |
| Change in net position of governmental activities | $ 30,002,431 |

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|---|---|---|---|
| | Original | Final | GAAP Basis | Final Budget |
| REVENUES | | | | |
| Property taxes | $ 31,700,000 | $ 31,610,000 | $ 30,480,025 | $ (1,129,975) |
| Sales and use tax | 17,590,000 | 17,410,000 | 17,164,707 | (245,293) |
| Franchise taxes | 3,820,000 | 4,240,000 | 3,876,525 | (363,475) |
| Licenses and permits | 2,834,000 | 2,705,100 | 2,883,283 | 178,183 |
| Charges for services | 6,715,000 | 6,552,500 | 7,056,305 | 503,805 |
| Fines and forfeitures | 1,798,000 | 1,641,000 | 1,560,596 | (80,404) |
| Investment income | 908,800 | 855,000 | 1,026,467 | 171,467 |
| Miscellaneous | 76,500 | 553,000 | 63,699 | (489,301) |
| Total revenues | 65,442,300 | 65,566,600 | 64,111,607 | (1,454,993) |
| EXPENDITURES | | | | |
| General government | | | | |
| General government | 4,464,800 | 3,959,243 | 2,693,976 | 1,265,267 |
| City administration | 1,106,500 | 1,140,400 | 1,095,452 | 44,948 |
| Communications | 770,500 | 766,022 | 644,312 | 121,710 |
| Economic development | 1,960,500 | 7,082,900 | 5,747,607 | 1,335,293 |
| Human resources | 1,008,900 | 1,000,800 | 872,094 | 128,706 |
| Finance | 2,444,376 | 2,598,998 | 2,460,681 | 138,317 |
| Innovation & technology | 2,655,500 | 2,799,559 | 2,681,116 | 118,443 |
| Community services | 2,579,200 | 2,589,700 | 2,104,813 | 484,887 |
| Public safety | | | | |
| Police | 15,366,600 | 15,326,334 | 14,797,529 | 528,805 |
| Fire | 13,659,700 | 14,095,818 | 13,758,012 | 337,806 |
| Public works | | | | |
| Public works | 4,925,800 | 5,248,779 | 4,660,809 | 587,970 |
| Sustainability & public health | 5,290,100 | 5,714,057 | 4,962,740 | 751,317 |
| Culture and recreation | | | | |
| Parks and recreation | 11,143,000 | 10,205,004 | 9,052,338 | 1,152,666 |
| Library | 2,647,400 | 2,270,500 | 2,222,687 | 47,813 |
| Total expenditures | 70,022,876 | 74,798,114 | 67,754,166 | 7,043,948 |
| Excess (deficiency) of revenues (over) under expenditures | (4,580,576) | (9,231,514) | (3,642,559) | 5,588,955 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,075,700 | 4,787,700 | 4,787,700 | |
| Transfers out | (2,165,200) | (3,799,700) | (3,875,700) | (76,000) |
| Sale of general capital assets | 545,000 | 2,964,900 | 2,499,452 | (465,448) |
| Insurance recoveries | | 54,300 | 114,726 | 60,426 |
| Total other financing sources (uses) | 3,455,500 | 4,007,200 | 3,526,178 | (481,022) |
| Net change in fund balances | (1,125,076) | (5,224,314) | (116,381) | 5,107,933 |
| Fund balances--beginning | 23,693,091 | 23,693,091 | 23,693,091 | |
| Fund balances--ending | $ 22,568,015 | $ 18,468,777 | $ 23,576,710 | $ 5,107,933 |

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GRANTS FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|---|---|---|---|
| | Original | Final | GAAP Basis | Final Budget |
| REVENUES | | | | |
| Intergovernmental | $ 162,987 | $ 3,108,390 | $ 1,972,941 | $ (1,135,449) |
| Total revenues | 162,987 | 3,108,390 | 1,972,941 | (1,135,449) |
| EXPENDITURES | | | | |
| General government | | 1,717,100 | 1,022,716 | 694,384 |
| Public safety | 162,987 | 450,600 | 287,608 | 162,992 |
| Public works | | 8,400 | 8,400 | |
| Total expenditures | 162,987 | 2,176,100 | 1,318,724 | 857,376 |
| Net change in fund balances | | 932,290 | 654,217 | (278,073) |
| Fund balances--beginning | | | | |
| Fund balances--ending | | $ 932,290 | $ 654,217 | $ (278,073) |

The accompanying notes are an integral part of the financial statements.

CITY OF FARMERS BRANCH, TEXAS

Exhibit C-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer | Stormwater Utility | Total | Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash, cash equivalents, and investments | $ 8,670,538 | $ 4,295,107 | $ 12,965,645 | $ 4,110,521 |
| Receivables (net of allowance for uncollectibles) | 3,544,406 | 138,996 | 3,683,402 | 8,195 |
| Accrued interest and other | 17,318 | 7,489 | 24,807 | |
| Inventories | | | | 22,713 |
| Prepaid items | 12,073 | | 12,073 | 5,250 |
| Deposits | | | | 35,000 |
| Total current assets | 12,244,335 | 4,441,592 | 16,685,927 | 4,181,679 |
| Noncurrent assets: | | | | |
| Equity interest in joint venture | 5,231,048 | | 5,231,048 | |
| Capital assets: | | | | |
| Nondepreciable | 748,388 | | 748,388 | 8,170 |
| Depreciable, net of accumulated depreciation | 51,175,588 | 518,394 | 51,693,982 | 7,972,090 |
| Total noncurrent assets | 57,155,024 | 518,394 | 57,673,418 | 7,980,260 |
| Total assets | 69,399,359 | 4,959,986 | 74,359,345 | 12,161,939 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows from pension | 245,884 | | 245,884 | 139,077 |
| Deferred outflows from OPEB | 74,760 | | 74,760 | 41,532 |
| Total defered outflows of resources | 320,644 | | 320,644 | 180,609 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and other accrued liabilities | 706,064 | 322,815 | 1,028,879 | 329,440 |
| Compensated absences | 25,054 | | 25,054 | 16,276 |
| Claims payable | | | | 545,005 |
| Retainage payable | 27,884 | 47,283 | 75,167 | |
| Deposits payable | 598,602 | | 598,602 | |
| Total current liabilities | 1,357,604 | 370,098 | 1,727,702 | 890,721 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 205,331 | | 205,331 | 90,114 |
| Claims payable | | | | 86,038 |
| Net pension liability | 1,273,604 | | 1,273,604 | 726,752 |
| Total OPEB liability | 471,623 | | 471,623 | 262,011 |
| Total noncurrent liabilities | 1,950,558 | | 1,950,558 | 1,164,915 |
| Total liabilities | 3,308,162 | 370,098 | 3,678,260 | 2,055,636 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from pension | 391,141 | | 391,141 | 213,991 |
| Deferred inflows from OPEB | 14,350 | | 14,350 | 7,973 |
| Total defered inflows of resources | 405,491 | | 405,491 | 221,964 |
| NET POSITION | | | | |
| Net investment in capital assets | 51,864,985 | 518,394 | 52,383,379 | 7,980,260 |
| Unrestricted | 14,141,365 | 4,071,494 | 18,212,859 | 2,084,688 |
| Total net position | $ 66,006,350 | $ 4,589,888 | $ 70,596,238 | $ 10,064,948 |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time | | | 488,690 | |
| Net position of business-type activities | | | $ 71,084,928 | |

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer | Stormwater Utility | Total | Internal Service Funds |
| Operating revenues | | | | |
| Charges for services | $ 26,312,327 | $ 1,701,023 | $ 28,013,350 | $ 4,840,352 |
| Contributions and miscellaneous | 16,355 | | 16,355 | 4,691,671 |
| Total operating revenues | 26,328,682 | 1,701,023 | 28,029,705 | 9,532,023 |
| Operating expenses | | | | |
| Personal services | 2,263,041 | | 2,263,041 | 1,191,079 |
| Materials and supplies | 256,041 | | 256,041 | 1,822,971 |
| Maintenance and utilities | 1,198,884 | 1,630,009 | 2,828,893 | 1,839,021 |
| Purchase of water | 5,424,919 | | 5,424,919 | |
| Sewage treatment | 4,188,084 | | 4,188,084 | |
| Insurance claims and expenses | | | | 4,119,306 |
| Depreciation | 2,656,085 | 63,095 | 2,719,180 | 105,973 |
| Total operating expenses | 15,987,054 | 1,693,104 | 17,680,158 | 9,078,350 |
| Operating income | 10,341,628 | 7,919 | 10,349,547 | 453,673 |
| Nonoperating revenues (expenses) | | | | |
| Investment income | 188,591 | 81,574 | 270,165 | |
| Loss on the joint venture | (68,885) | | (68,885) | |
| Total nonoperating revenues | 119,706 | 81,574 | 201,280 | |
| Income before contributions and transfers | 10,461,334 | 89,493 | 10,550,827 | 453,673 |
| Capital contributions | 2,716,505 | | 2,716,505 | |
| Transfers in | | 425,200 | 425,200 | 7,872,617 |
| Transfers out | (12,372,317) | | (12,372,317) | |
| Change in net position | 805,522 | 514,693 | 1,320,215 | 8,326,290 |
| Net position--beginning | 65,200,828 | 4,075,195 | 69,276,023 | 1,738,658 |
| Net position--ending | $ 66,006,350 | $ 4,589,888 | $ 70,596,238 | $ 10,064,948 |

| | |
|---|---|
| Reconciliation to government-wide statement of net position: | |
| Change in net position | $ 1,320,215 |
| Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds | 29,443 |
| Change in net position of business-type activities | $ 1,349,658 |

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer | Stormwater Utility | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | $ 27,128,376 | $ 1,680,885 | $ 28,809,261 | $ |
| Receipts from interfund services provided | | | | 9,571,344 |
| Payments to suppliers | (11,096,223) | (1,835,887) | (12,932,110) | (3,807,064) |
| Payments to employees | (2,052,909) | | (2,052,909) | (1,133,338) |
| Payments for loss claims | | | | (4,223,673) |
| Payments for interfund services | (524,156) | | (524,156) | |
| Net cash provided by (used for) operating activities | 13,455,088 | (155,002) | 13,300,086 | 407,269 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in from other funds | | 425,200 | 425,200 | |
| Transfers to other funds | (4,499,700) | | (4,499,700) | |
| Net cash provided by (used for) noncapital financing activities | (4,499,700) | 425,200 | (4,074,500) | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (9,019,350) | | (9,019,350) | 3,458 |
| Net cash used for capital and related financing activities | (9,019,350) | | (9,019,350) | 3,458 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of investments | 2,430,292 | 945,874 | 3,376,166 | |
| Investment income | 206,255 | 86,318 | 292,573 | |
| Net cash provided by investing activities | 2,636,547 | 1,032,192 | 3,668,739 | |
| Net increase in cash and cash equivalents | 2,572,585 | 1,302,390 | 3,874,975 | 410,727 |
| Cash and cash equivalents - beginning of year | 835,257 | 385,746 | 1,221,003 | 3,699,794 |
| Cash and cash equivalents - end of year | $ 3,407,842 | $ 1,688,136 | $ 5,095,978 | $ 4,110,521 |
| Cash and cash equivalents - end of year | $ 3,407,842 | $ 1,688,136 | $ 5,095,978 | $ 4,110,521 |
| Investments | 5,262,696 | 2,606,971 | 7,869,667 | |
| Cash, cash equivalents, and investments - end of year | $ 8,670,538 | $ 4,295,107 | $ 12,965,645 | $ 4,110,521 |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Contributed capital assets | $ (7,872,617) | $ | $ (7,872,617) | $ 7,872,617 |
| Capital contributions | 2,716,505 | | 2,716,505 | |
| Loss on the joint venture | (68,885) | | (68,885) | |
| | $ (5,224,997) | $ | $ (5,224,997) | $ 7,872,617 |

The accompanying notes are an integral part of the financial statements.

(continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer | Stormwater Utility | Total | Internal Service Funds |
| Reconciliation of operating income to net cash provided by (used for) operating activities: | | | | |
| Operating income | $ 10,341,628 | $ 7,919 | $ 10,349,547 | $ 453,673 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 2,656,085 | 63,095 | 2,719,180 | 105,973 |
| Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | | |
| (Increase) decrease in receivables | 745,272 | (20,138) | 725,134 | 39,321 |
| Decrease in inventory of materials and supplies | | | | 12,216 |
| Increase in prepaid items | (188) | | (188) | (375) |
| Decrease in deferred outflows of resources | 598,456 | | 598,456 | 319,054 |
| Decrease in accounts payable | (476,436) | (253,161) | (729,597) | |
| Decrease in accrued liabilities | | | | (126,976) |
| Increase in retainage payable | 25,258 | 47,283 | 72,541 | |
| Decrease in claims payable | | | | (107,660) |
| Increase in deposits payable | 54,422 | | 54,422 | |
| Decrease in net pension liability | (927,339) | | (927,339) | (507,132) |
| Increase in total OPEB liability | 24,384 | | 24,384 | 13,546 |
| Increase (decrease) in accrued compensated absences | 26,602 | | 26,602 | (6,031) |
| Increase in deferred inflows of resources | 386,944 | | 386,944 | 211,660 |
| Net cash provided by (used for) operating activities | $ 13,455,088 | $ (155,002) | $ 13,300,086 | $ 407,269 |

The accompanying notes are an integral part of the financial statements. (concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Farmers Branch, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member council. The City was incorporated in 1946 under the Constitution of the State of Texas (Home Rule Amendment). As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered financially accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City's blended component units and joint ventures, which all have a September 30 year-end, are as follows:

Blended Component Units

The Tax Increment Finance District Number One ("TIF No. 1"), Tax Increment Finance District Number Two ("TIF No. 2"), and Tax Increment Reinvestment Zone Number Three ("TIRZ No. 3") were created pursuant to the Texas Tax Increment Financing Act, Tax Code Chapter 311, as amended. The purpose of the TIF No. 1, which expired in December 2019, was to promote development in the Mercer Crossing area. The purpose of the TIF No. 2 is to promote development in the Old Farmers Branch area. The purpose of the TIRZ No. 3 is to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments. Management of the primary government has operational responsibility for all three of these tax increment financing districts. The TIF No. 1 and TIF No. 2 are reported as capital projects funds and are included as blended component units because they provide a financing mechanism to build streets and other infrastructure. The TIRZ No. 3 is reported as a special revenue fund because the revenues are restricted to reduce the public improvement district assessments and the fund is included as a blended component unit.

The Farmers Branch Local Government Corporation ("FBLGC") was organized on behalf of the City to accomplish any governmental purpose of the City and to promote the common good and general welfare of the City. This includes the furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in the City, and currently to develop oil, natural gas and other mineral interests on behalf of the City. Management of the primary government has operational responsibility for the FBLGC. The FBLGC is authorized to issue bonds, notes or other obligations after approval by the City Council. The FBLGC has been included as a blended component unit because it is organized as a not-for-profit corporation in which the City of Farmers Branch is the sole corporate member. The FBLGC is fiscally dependent (the City must approve any issuance of debt) and the purpose of the corporation is to provide a benefit to the City.

Joint Ventures

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of certificates of obligation. The City of Farmers Branch's equity interest in the NTECC is $1,133,560 at September 30, 2020 and is reported as equity interest in joint venture in the governmental activities on the government-wide Statement of Net Position. Audited financial statements for the NTECC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

Additionally, the Cities have also entered into inter-local agreements to jointly procure a public safety radio system and a fire training facility. These agreements did not include the formation of a separate legal joint venture entity. The City has financed its portion of construction funds through the issuance and sale of general obligation bonds. The Cities are responsible for funding a portion of the radio system and fire training facility in the proportions stated in the inter-local agreements. The City of Farmers Branch's portion of the radio system is capitalized as infrastructure and equipment and the portion of the fire training facility is capitalized as buildings in the governmental activities on the government-wide Statement of Net Position.

The North Dallas County Water Supply Corporation ("NDCWSC") is a joint venture between the City and the Town of Addison (the "Town") to design, construct, operate, and maintain a joint sanitary sewer interceptor and conventional sewer lines. The NDCWSC, a public instrumentality and nonprofit water supply corporation, was created for that purpose. Upon dissolution of the NDCWSC, the City and Town will share the net position in the proportions stated in an inter-local agreement. The affairs of the NDCWSC are managed by a six-person board of directors appointed by the governing bodies of the City and the Town.

The City and the Town are each obligated to fund construction of the sanitary sewer interceptor in the proportions stated in the inter-local agreement. The City financed its portion of construction funds through the issuance and sale of assessment revenue bonds and a transfer from previously issued sewer bonds and none of the bonds are still outstanding. The City's net investment and its share of the operating results of the NDCWSC are reported in the City's water and sewer fund. The City's equity interest in the NDCWSC was $5,231,048 at September 30, 2020. Complete financial statements for the NDCWSC can be obtained from the Finance Department, Attn: Director of Finance, at 13000 William Dodson Parkway, Farmers Branch, Texas 75234, or call (972) 247-3131, or e-mail sherrelle.evans-jones@farmersbranchtx.gov.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *grants fund* is used to account for all grant revenue and expenditures.

The City reports the following major proprietary funds:

The *water and sewer fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *stormwater utility fund* is used to account for the City's drainage management program.

The City reports the following internal service funds:

The *internal service funds* are used to account for facilities and fleet management services and the City's workers' compensation and medical self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments-in-lieu-of-taxes (PILOT) where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to pension, other postemployment benefits, compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. The issuance of long-term debt is reported as an other financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when the government receives cash.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB for the OPEB Retiree Health Plan, OPEB expenses have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

D. Budgetary Information

1) Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, grants fund, special revenue funds, and debt service fund. The capital projects funds are appropriated on a project-length basis and often span a period of more than one year.

The appropriated budget is prepared by fund, department and function. The City Manager may transfer unencumbered appropriations within a department and between departments within the same fund. City Council approval is necessary for transfers of unencumbered appropriations between funds. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Special revenue funds are budgeted at the function level. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.

2) Excess of Expenditures over Appropriations

For the year ended September 30, 2020, transfers out exceeded appropriations due to the reclassification of a project to a capital project.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1) Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments are recorded at fair value (based on quoted market prices), except for investments with maturity of one year or less from date of purchase, which are stated at amortized cost, and except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

3) Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

4) Inventories and Prepaid Items

Inventories are stated at cost for the internal service funds and at the lower of cost or market value (assessed taxable value) for the inventory of land held for resale in the general fund and nonmajor governmental funds. Inventories are recorded as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital Assets

Capital assets include land, buildings, equipment, improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., software, websites). Capital assets purchased, acquired or developed, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The City defines capital assets as having a useful life longer than one year and an initial, individual cost that exceeds the capitalization threshold for their class. The capitalization threshold for the infrastructure class is $100,000. The capitalization threshold for all other asset classes is $5,000. Other costs incurred for repairs and maintenance are expensed. Insurance recoveries of $114,726 were received for the year ended September 30, 2020. They are included as an “other financing source” in the governmental funds.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated on the straight-line basis over the following estimated useful lives:

| Capital asset classes | Lives |
|---|---|
| Buildings | 30 - 50 years |
| Equipment | 5 - 30 years |
| Improvements | 20 years |
| Intangible assets-software/websites | 5 years |
| Infrastructure | 15 - 63 years |

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as outflows of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are reported in the government-wide and proprietary funds statements of net position. The first item is the deferred outflows of resources from pension. For purposes of measuring the net pension liability, deferred outflows of resources related to pension have been determined on the same basis as they are reported by TMRS. The second item is the deferred outflows of resources from OPEB. The third item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from pensions, OPEB and deferred gain on refunding.

Finally, the City has one item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

| | General Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|
| Property taxes | $ 832,021 | $ 124,912 | $ 956,933 |
| Ambulance | 266,991 | | 266,991 |
| Franchise taxes - electric | 624,721 | | 624,721 |
| Charges for services - culture and recreation | 185 | | 185 |
| Special assessments | | 7,669 | 7,669 |
| Total | $ 1,723,918 | $ 132,581 | $ 1,856,499 |

7) Unearned Revenue

The current financial statements reflect certain financial impacts of the COVID-19 pandemic. While the City has been fortunate to not have a sizable presence in many of the industries most affected including retail, travel, and conventions, there have been impacts. The City received over $2,600,000 in a Coronavirus Aid, Relief and Economic Security (CARES) Act funding grant. A portion of this amount, totaling $940,690, is recorded as an unearned revenue liability in the City's fund financial statements since all of the proceeds received were not utilized by the end of the current fiscal year. It is now evident that fiscal year 2021 will also have significant impacts and the City is continuing to monitor closely and will adjust the budget as needed.

8) Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The net investment in capital assets for governmental activities is reported net of related debt in the amount of $35,941,850, which represents bonds issued and outstanding related to capital activity and account and retainage payables for capital asset activity. The net investment in capital assets for the business-type activities is reported net of related debt in the amount of $58,991, which represents account and retainage payables for capital asset activity.

The governmental activities unrestricted net position is a deficit of $11,806,042 at September 30, 2020. The City actively manages its net position and has planned for the reduction and/or elimination of its unrestricted deficit net position in the following ways:

1) Options to reduce and eventually to eliminate the total OPEB liability of $5,240,258 ($4,768,635 allocated to governmental activities) have been implemented. This includes health insurance coverage options for retirees with no implicit subsidy for the City, capping existing contributions, and terminating the City contribution for employees hired after December 31, 2006.

2) The net pension liability is $25,341,752 ($24,068,148 allocated to governmental activities) and the City plans to reduce this liability in the future by making extra contributions as resources are available.

9) Fund Balance Policies and Flow Assumptions

Governmental fund's fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose, but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

In the general fund, the City strives to maintain a target range of unassigned fund balance to be used for unanticipated emergencies with a low end of 15% and a high end of 20% of the actual GAAP basis expenditures and other financing sources and uses.

F. Revenues and Expenditures/Expenses

1) Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2) Property Taxes

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

3) Compensated Absences

The City's employees earn vacation leave (up to a maximum of 192 hours per year for 40 hours per week employees and 288 hours per year for 56 hours per week employees) based on years employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years for employees hired prior to January 1, 2011 and within one and a half years for employees hired on or after January 1, 2011. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees hired before October 1, 1992 will be paid a maximum of 720 hours of sick pay for 40 hours per week employees or 1,080 hours for 56 hours per week employees. Upon retirement or termination, employees hired between October 1, 1992 and December 31, 2010 with five years or less of service will be paid a maximum of 120 hours of sick pay and with more than five years of service will be paid a maximum of 240 hours of sick pay for 40 hours per week employees or with five years or less of service will be paid a maximum of 180 hours of sick pay and with more than five years of service will be paid a maximum of 360 hours of sick pay for 56 hours per week employees. Employees hired on or after January 1, 2011 receive no payout for unused sick leave upon retirement or termination.

4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for water and sewer funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $168,728,774 difference are as follows:

| | | |
|---|---|---|
| Land and rights of way | $ | 39,403,292 |
| Construction in progress | | 11,433,342 |
| Improvements | | 12,623,092 |
| Less: Accumulated depreciation-improvements | | (8,845,472) |
| Buildings | | 66,046,249 |
| Less: Accumulated depreciation-buildings | | (20,327,869) |
| Equipment | | 33,708,270 |
| Less: Accumulated depreciation-equipment | | (23,935,991) |
| Infrastructure | | 137,769,671 |
| Less: Accumulated depreciation-infrastructure | | (79,972,078) |
| Intangible assets | | 2,758,253 |
| Less: Accumulated depreciation-intangible assets | | (1,931,985) |
| Net adjustment to increase *fund balance - total government funds* to arrive at *net position -* | $ | 168,728,774 |

Another element of that reconciliation explains that "internal service funds are used by management to charge the costs of certain activities, such as fleet management and workers' compensation and medical self-insurance programs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position." The details of this $9,576,258 difference are as follows:

| | | |
|---|---|---|
| Net position of the internal service funds | $ | 10,064,948 |
| Less: Internal receivable representing charges below cost to business-type activities - current year | | (488,690) |
| Net adjustment to increase *fund balance - total government funds* to arrive at *net position - governmental activities* | $ | 9,576,258 |

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $101,491,125 difference are as follows:

| | | |
|---|---|---|
| Bonds payable | $ | 57,670,000 |
| Add: Issuance premium (to be amortized over life of debt) | | 3,279,386 |
| Accrued interest payable | | 360,262 |
| Compensated absences | | 5,074,161 |
| Net pension liability | | 23,341,396 |
| Net OPEB liability | | 4,506,624 |
| Landfill liability | | 7,259,296 |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ | 101,491,125 |

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this $6,213,161 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 13,708,966 |
| Depreciation expense | | (7,495,805) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | 6,213,161 |

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this ($6,068,547) difference are as follows:

| | | |
|---|---|---|
| Debt issued: | | |
| General obligation refunding and improvement bonds issued | $ | (12,305,000) |
| Premium on bonds issued | | (1,178,547) |
| Total proceeds | $ | (13,483,547) |
| Debt repayments: | | |
| To bond holders/debtors | $ | 7,415,000 |
| Total debt repayments | $ | 7,415,000 |
| Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | (6,068,547) |

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this ($11,257,105) difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | (7,476) |
| Net pension liability | | (17,155,437) |
| Difference in deferred outflows for pension | | 11,469,519 |
| Differences in deferred outflows for OPEB | | (303,884) |
| Differences in deferred inflows from pension | | 7,233,364 |
| Differences in deferred inflows from OPEB | | (40,105) |
| Net OPEB liability | | 233,003 |
| Accrued interest on long-term debt | | (12,663,043) |
| Amortization of bond premiums | | (352,154) |
| Amortization of deferred charge on refunding | | 88,534 |
| Landfill liability | | 240,574 |
| Net adjustment to increase *total governmental funds* to arrive at *changes in net position of governmental activities* | $ | (11,257,105) |

Another element of that reconciliation states that "internal service funds are used by management to charge the costs of fleet management, workers' compensation, and health claims, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this ($8,296,847) difference are as follows:

| | | |
|---|---|---|
| Change in net position of the internal service funds | $ | (8,326,290) |
| Plus: charges to business-type activities | | 29,443 |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | (8,296,847) |

C. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the only item of that reconciliation is "adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time." The details of the $488,690 difference are as follows:

| | | |
|---|---|---|
| Internal payable representing charges over cost to business-type activities - prior years | $ | 459,247 |
| Internal payable representing charges over cost to business-type activities - current year | | 29,443 |
| Net adjustment to increase *net position - total enterprise funds* to arrive at *changes in net position of business-type activities* | $ | 488,690 |

3. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the City's deposits, which includes the Farmers Branch Local Government Corporation (FBLGC), was ($2,843,518) and the bank balance was $505,460. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name. At year-end, the carrying amount of the FBLGC, blended component unit's bank balance was $40,683. The bank balance was completely covered by federal depository insurance.

B. Investments

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds. TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this

rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

To maximize investment opportunities, all funds (excluding the debt service fund and the internal service funds) participate in a pooling of cash and investment income. Each fund may liquidate its equity in the pool on demand.

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of Texas and its agencies and instrumentalities, obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating, insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical securities. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 inputs that are valued using significant unobservable inputs. As of September 30, 2020, the City had the following investments:

| Investments by Fair Value Level | September 30, 2020 | Fair Value - Level 1 | Fair Value - Level 2 | Weighted Average Maturity (in days) |
|---|---|---|---|---|
| Municipal Obligations | $ 29,003,012 | $ 2,444,365 | $ 26,558,647 | 300 |
| Federal Home Loan Bank Notes | 12,498,639 | | 12,498,639 | 57 |
| Total Investments by Fair Value Level | 41,501,651 | 2,444,365 | 39,057,286 | |
| Investments Measured at Amortized Cost | | | | |
| TexPool | 36,905,374 | | | 38 |
| Total investments at Amortized Cost | 36,905,374 | | | |
| Total Investments at Carrying Amount | $ 78,407,025 | | | |
| Portfolio Weighted Average Maturity | | | | 149 |

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to eighteen months (548 days).

*Credit Risk.* The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

| | | |
|---|---|---|
| Municipal Obligations | Aa/AA | 37% |
| Federal Home Loan Bank Notes | Aaa/AA | 16% |
| TexPool | AAAm | 47% |

*Aaa/AAA is the highest credit quality issued by Moody's Investor's Services, and by Standard & Poor's, respectively.

*Concentration of Credit Risk.* The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The City's portfolio is 37% invested in Municipal Obligations and 16% invested in Federal Home Loan Bank as of September 30, 2020. The remaining 47% of the City's investments is invested in an external investment pool.

C. Receivables

Receivables, as of year-end, for the City's individual major fund and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Nonmajor Governmental | Internal Service | Water and Sewer | Stormwater Utility | Total |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Property tax | $ 745,006 | $ 57,669 | $ | $ | $ | $ 802,675 |
| Other taxes | 4,321,725 | 209,612 | | | | 4,531,337 |
| Accounts | 4,133,934 | 296,755 | 8,195 | 1,375,828 | 75,061 | 5,889,773 |
| Unbilled accounts | | | | 2,274,599 | 70,720 | 2,345,319 |
| Assessments | | 21,187 | | | | 21,187 |
| Accrued interest | 60,550 | 68,392 | | 17,318 | 7,489 | 153,749 |
| Gross receivables | 9,261,215 | 653,615 | 8,195 | 3,667,745 | 153,270 | 13,744,040 |
| Less: Allowance for uncollectibles | (2,912,177) | (13,518) | | (106,021) | (6,785) | (3,038,501) |
| Net total receivables | $ 6,349,038 | $ 640,097 | $ 8,195 | $ 3,561,724 | $ 146,485 | $ 10,705,539 |

D. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

| | Primary Government | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions/ Transfers | Retirements/ Transfers | Ending Balance |
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and rights of way | $ 40,050,932 | $ | $ (639,470) | $ 39,411,462 |
| Construction in progress | 9,066,264 | 5,322,673 | (2,955,595) | 11,433,342 |
| Total capital assets, not being depreciated | 49,117,196 | 5,322,673 | (3,595,065) | 50,844,804 |
| Capital assets, being depreciated | | | | |
| Improvements | 12,106,260 | 2,472,562 | | 14,578,822 |
| Buildings | 60,948,551 | 11,173,775 | | 72,122,326 |
| Equipment | 31,631,182 | 3,246,688 | (614,435) | 34,263,435 |
| Infrastructure | 131,125,454 | 7,023,735 | (379,518) | 137,769,671 |
| Intangible assets - software/websites | 2,538,398 | 562,138 | (92,588) | 3,007,948 |
| Total capital assets, being depreciated | 238,349,845 | 24,478,898 | (1,086,541) | 261,742,202 |
| Less accumulated depreciation for: | | | | |
| Improvements | (8,446,678) | (406,943) | | (8,853,621) |
| Buildings | (19,272,037) | (1,393,770) | | (20,665,807) |
| Equipment | (22,078,810) | (2,692,989) | 527,199 | (24,244,600) |
| Infrastructure | (77,502,951) | (2,848,645) | 379,518 | (79,972,078) |
| Intangible assets - software/websites | (1,975,023) | (259,431) | 92,588 | (2,141,866) |
| Total accumulated depreciation | (129,275,499) | (7,601,778) | 999,305 | (135,877,972) |
| Total capital assets, being depreciated, net | 109,074,346 | 16,877,120 | (87,236) | 125,864,230 |
| Governmental activities capital assets, net | $ 158,191,542 | $ 22,199,793 | $ (3,682,301) | $ 176,709,034 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and rights of way | $ 603,364 | $ | $ | $ 603,364 |
| Construction in progress | 2,796,380 | 8,336,217 | (10,987,573) | 145,024 |
| Total capital assets, not being depreciated | 3,399,744 | 8,336,217 | (10,987,573) | 748,388 |
| Capital assets, being depreciated: | | | | |
| Improvements | 46,126 | | | 46,126 |
| Buildings | 14,686,764 | | | 14,686,764 |
| Equipment | 6,188,160 | 145,342 | (32,553) | 6,300,949 |
| Infrastructure | 94,226,371 | 6,066,857 | (87,744) | 100,205,484 |
| Intangible assets - software/websites | 465,906 | 408,628 | (30,052) | 844,482 |
| Total capital assets, being depreciated | 115,613,327 | 6,620,827 | (150,349) | 122,083,805 |
| Less accumulated depreciation for: | | | | |
| Improvements | (29,414) | (1,146) | | (30,560) |
| Buildings | (8,040,567) | (270,821) | | (8,311,388) |
| Equipment | (4,425,484) | (336,058) | 32,552 | (4,728,990) |
| Infrastructure | (55,143,063) | (2,023,541) | 83,762 | (57,082,842) |
| Intangible assets - software/websites | (76,231) | (87,614) | (72,198) | (236,043) |
| Total accumulated depreciation | (67,714,759) | (2,719,180) | 44,116 | (70,389,823) |
| Total capital assets, being depreciated, net | 47,898,568 | 3,901,647 | (106,233) | 51,693,982 |
| Business-type activities capital assets, net | $ 51,298,312 | $ 12,237,864 | $ (11,093,806) | $ 52,442,370 |

The preceding schedule includes internal service assets totaling $7,980,260 in the governmental activities. Internal service fund depreciation expense is allocated to the primary government based on each function or program's usage of its services.

Depreciation expense (includes amortization expense of intangible assets) was charged to functions/programs of the primary government as follows:

| | | |
|---|---|---|
| Governmental activities: | | |
| General government | $ | 701,563 |
| Public safety | | 2,010,090 |
| Public works, which includes the depreciation of general infrastructure assets | | 2,960,164 |
| Culture and recreation | | 1,744,162 |
| Unallocated | | 185,799 |
| Total depreciation expense - governmental activities | $ | 7,601,778 |
| | | |
| Business-type activities: | | |
| Water and sewer | $ | 2,656,085 |
| Stormwater utility | | 63,095 |
| Total depreciation expense business-type activities | $ | 2,719,180 |

Commitments and Contingent Liabilities

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

| | | Encumbrances |
|---|---|---|
| General fund for general purposes | $ | 860,931 |
| General fund for capital assets | | 492,087 |
| Water and sewer fund | | 197,946 |
| Stormwater utility fund | | 1,188,253 |
| Nonmajor funds | | 2,147,756 |
| Total | $ | 4,886,973 |

The City has entered into several construction contracts during the fiscal year, which include street improvements, replacement of water mains, and the construction of municipal facilities. As of September 30, 2020, the City had outstanding construction contracts totaling $3,772,461 that will be financed from operating funds.

| | | Construction Commitments |
|---|---|---|
| Water and sewer fund | $ | 667,550 |
| Nonmajor capital projects funds | | 3,104,911 |
| Total | $ | 3,772,461 |

E. Interfund Receivables, Payables and Transfers

Government interfund transfers during the year ended September 30, 2020 were as follows:

| | TRANSFERS IN | | | | |
|---|---|---|---|---|---|
| TRANSFERS OUT | General Fund | Nonmajor Governmental Funds | Storm Water Utility Fund | Internal Service Fund | Total |
| General fund | $ | $ 3,450,500 | $ 425,200 | $ | $ 3,875,700 |
| Nonmajor governmental funds | 288,000 | | | | 288,000 |
| Water & sewer fund | 4,499,700 | | | 7,872,617 | 12,372,317 |
| Total | $ 4,787,700 | $ 3,450,500 | $ 425,200 | $ 7,872,617 | $ 16,536,017 |

Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Purpose of Transfers

Transfers are used to (1) move unrestricted revenues to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due (3) for the water and sewer fund to the general fund for a payment-in-lieu-of-taxes, and (4) to move constructed capital assets to the Internal Service Fund at project completion.

F. Tax Abatements / Tax Increment Financing Zones / Public Improvement Districts

Tax Abatements – The City of Farmers Branch enters into tax abatement agreements with local residents and businesses under Chapter 380 of the Texas Local Government Code. Under this chapter, the City may provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development.

The City has three categories of economic development agreements:

- Residential Demolition/Rebuild Incentive Program – This program provides property tax abatements to encourage redevelopment of existing housing stock in the City. The program may include a demolition incentive grant up to $30,000 and annual incentive grants (between three and seven years) equal to the difference between the City property taxes assessed and paid for the new improvements (new residential structure excluding the land) for a given tax year and the City property taxes for the residential structure prior to demolition (excluding the land) for the tax year in which the structure was demolished (the "Base Year"). The amounts and number of years the incentive will be paid vary depending on the value of the residential structure and the program in place at the effective date of the agreement. Abatements are obtained through application prior to beginning the improvements and commence when the City issues a certificate of occupancy or certificate of completion for the new residence. The property owner commits to demolition of the existing residence and the construction of a new residence within 24 months of the effective date of the agreement. If construction is not completed as agreed, the City has the option to terminate the agreement and seek reimbursement of the demolition cost reimbursement incentive. No other commitments were made by the City as part of those agreements. For the fiscal year ended September 30, 2020, the City abated property taxes totaling $181,316 for 38 properties under this program.

- Economic Development Agreements – The purpose of these agreements is for the promotion of the expansion of existing businesses within the City and the recruitment of new business enterprises to the City. These agreements include repayment provisions should the recipient fail to fully meet its commitments. The names of businesses receiving sales tax rebates are not disclosed, as they are made confidential by Texas Tax Code Section 151.027.

    - A ten-year agreement for a 50 percent property tax rebate and sixty quarterly sales tax grants of 50% of the sales tax paid for years 1 to 7 and 25% of the sales tax paid for years 8 to 15 to a security services company to relocate its headquarters and call center. The incentive period began July 2015. The company must maintain a minimum level of taxable sales and continuous occupancy of the premises during the terms of the agreement. The abatements amounted to $352,264 during the fiscal year ended September 30, 2020.

- A ten-year agreement for a tangible personal property tax reduction of 100 percent for years one and two, a 75 percent reduction for years three and four, a 50 percent reduction for years five through seven, and a 25 percent reduction for years eight through ten plus waiver of sewer charges over 75 million gallons for Qorvo Texas, LLC. The company must maintain a minimum taxable value of the tangible personal property of at least $25,000,000 for years one to five and $50,000,000 for years six to ten. The agreement was executed in August 2016. During the fiscal year ended September 30, 2020, Qorvo received the second annual installment of the tax abatement for $225,279 and waiver of sewer charges over 75 million gallons of $48,694.

- A ten-year agreement for a 50 percent tangible personal property tax reduction and 100 percent sales tax rebate for a local home furnishings warehouse/store to purchase and renovate 415,000 square feet of office and manufacturing/distribution space and to relocate company corporate headquarters, warehouse, distribution center, and retail outlet store to Farmers Branch. The company must maintain a minimum taxable value of the tangible personal property of at least $2,000,000 as of January 1 of each calendar year during the agreement. The incentive period began April 2011. The abatements amounted to $145,549 during the fiscal year ended September 30, 2020.

- An agreement to rebate 30% of tangible personal property tax for ten years for BSN Sports, LLC to maintain tangible personal property at the leased premises of at least $18,000,000 as of January 1 of each calendar year. The agreement was executed in June 2017. The abatements amounted to $12,104 for the fiscal year ended September 30, 2020. In addition, the company received a $100,000 expansion grant during the fiscal year. This was the third annual installment of a $300,000 economic development grant.

- An agreement with TXI Operations, LP to provide a tax abatement for business personal property for a period of thirteen years conditioned on the construction firm leasing approximately 45,000 square feet of space in a building located in Farmers Branch and the company relocation and operation of its corporate headquarters to the leased premises, which it must continuously occupy and operate throughout the period of the agreement. The company must maintain taxable value of tangible personal property of at least $1,500,000 on January 1 immediately following the commencement date. The tax abatement is 100 percent of business personal property taxes paid for years 1 to 3, 50 percent for years 4 to 7, and 25 percent for years 8 to 13. The incentive period began November 2013. The abatement amounted to $2,540 for the fiscal year ended September 30, 2020.

- A ten-year agreement for semi-annual economic development grants equal to 50 percent of use taxes collected by the City to a home building company. The company must purchase building materials from Farmers Branch vendors to be eligible for the grants. The effective date of the agreement was January 2018. The abatement amounted to $10,672 for the fiscal year ended September 30, 2020.

- Tax Increment Financing –The City established three reinvestment zones (“TIF No. 1”, “TIF No. 2”, “TIRZ No. 3”) for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributed 35% of the incremental tax revenues generated from the City’s ad valorem tax associated with the growth of the tax base in TIF No. 1 and 100% of the incremental tax revenues associated with the growth of the tax base in TIF No. 2 to a special fund to pay costs of infrastructure in the zones. There were $631,809,304 of infrastructure improvements in the TIF No. 1 project plan, including streets, water, sewer, lighting, and landscaping. There are $93,267,356 of infrastructure improvements in the TIF No. 2 project plan, including streets, water and sewer projects. TIF No. 1 expired December 31, 2019 and TIF No. 2 is scheduled to expire December 31, 2020. The TIF No. 1 increment for tax year 2019 was $221,132,863.

  For tax years 2017, 2018, and 2019, the City will contribute 1% of the incremental tax revenues generated from the City’s ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district assessments within the zone. For years 2020 through and including 2052, the City will contribute 40% of the incremental tax revenue generated by the City’s ad valorem tax associated with the growth of the tax base in TIRZ No. 3 to a special revenue fund to reduce the public improvement district associated with the zone. There are $134,320,151 of infrastructure improvements in the TIRZ No. 3 project plan and the TIRZ No. 3 increment for tax year 2019 is $1,342,819. The TIRZ No. 3 is scheduled to terminate in tax year 2052.

  The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers to utilize TIF funds. Unlike contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer upon termination of the TIF district will no longer be considered an obligation of the City. The City made $2,559,005 in payments for TIF obligations and $1,892,902 in property tax rebates from general TIF resources.

  Public Improvement District – Under Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”,) the City authorized the creation of the Mercer Crossing Public Improvement District (the “PID”) to impose annual assessments on property owners within the PID (the “Assessments”) to pay for certain public improvements (the “Public Improvements”). The PID is composed of approximately 397.6 acres that are being developed as a master-planned mixed-use development known as “Mercer Crossing”. The development is expected to include, among other things, single-family homes, active adult senior condominiums, two hotels, office, retail,

commercial, and an amphitheater. Pursuant to a master development agreement and a reimbursement agreement (together, the "Agreements"), the City has agreed to reimburse the Developer for a portion of the costs of the Public Improvements within the PID in a total amount not to exceed $43,247,845, plus accrued interest, from assessment revenues. Under the terms of the Agreements, the Assessments may be offset in each year by tax increment revenues generated with Tax Increment District Number One, which includes the PID property. The only obligation of the City under Agreements is the collection and enforcement of the Assessments and the payment of annual Assessment revenues to the Mercer Crossing developer pursuant to the terms of the Agreements. The City has not issued debt to fund its obligations under the Agreements.

G. Long-Term Liabilities

General Obligation Bonds – The City of Farmers Branch issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Currently, the City has no outstanding general obligation bonds issued for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds are generally issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years. The city is required to compute, at the time taxes are levied, the rate of tax required to provide a fund to pay interest and principal at maturity. The city is in compliance with this requirement.

Direct Placement Bonds – The City of Farmers Branch issues direct placement general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Direct placement general obligation bonds have been issued for governmental activities. The beginning balance of unmatured debt at October 1, 2019 was $1,270,000. During the year these bonds were paid down by $310,000 through principal amounts maturing resulting in a balance at September 30, 2020 of $960,000.

Bonds payable at September 30, 2020 are comprised of the following individual issues:

| Bonds Payable: | Sale Date | Original Borrowing | Interest Rates to Maturity (%) | Final Maturity | Outstanding Sept. 30, 2020 |
|---|---|---|---|---|---|
| General Obligation Bonds - Public Offerings | | | | | |
| Certificates of obligation, taxable | 2009 | $ 10,000,000 | 1.50 - 5.22 | 2024 | $ 3,320,000 |
| General obligation refunding bonds, taxable | 2011 | 7,054,057 | 0.44 -4.00 | 2025 | 3,236,879 |
| Certificates of obligation | 2013 | 7,148,755 | 2.50 - 4.50 | 2032 | 5,132,012 |
| Certificates of obligation | 2014 | 2,042,906 | 2.00 - 5.00 | 2024 | 874,324 |
| General obligation bonds | 2014 | 14,691,338 | 2.00 - 5.00 | 2034 | 8,954,057 |
| Certificates of obligation | 2016 | 2,694,083 | 2.00 - 3.00 | 2036 | 2,236,782 |
| Certificates of obligation | 2018 | 11,180,013 | 3.00 - 5.00 | 2038 | 8,907,187 |
| General obligation bonds | 2018 | 14,212,298 | 3.25 - 4.00 | 2038 | 13,906,069 |
| General obligation refunding bonds | 2020 | 3,336,070 | 4.00 | 2030 | 3,304,745 |
| General obligation bonds | 2020 | 10,147,477 | 2.00 - 4.00 | 2039 | 10,117,331 |
| Total General Obligation Bonds - Public Offerings | | 69,023,450 | | | 59,989,386 |
| General Obligation Bonds - Direct Placement | | | | | |
| Certificates of obligation | 2012 | 3,000,000 | 1.69 | 2023 | 960,000 |
| Total General Obligation Bonds | | $ 72,023,450 | | | $ 60,949,386 |

During the year, the City of Farmers Branch issued General Obligation Bonds, Series 2020 with interest rates ranging from 2.00% to 4.00% in the amount of $9,410,000 and General Obligation Refunding Bonds, Series 2020 with an interest rate of 4.00% in the amount of $2,895,000. The General Obligation Bonds were issued for the purpose of (i) designing, developing constructing, improving, extending, and expanding streets in the City's light rail station area including sidewalks, street lighting, parking, and streetscaping, and related storm drainage improvements; and acquiring rights-of-way in connections therewith; (ii) for park and open space improvements, including trails, sidewalks and nature preserves; (iii) for continuing an economic development fund to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City; and (iv) to pay the costs associated with the issuance of the Bonds.

The General Obligation Refunding Bonds, Series 2020 were issued to advance refund all of the City's outstanding $3,295,000 General Obligation Refunding and Improvement Bonds, Series 2010. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by $79,494. This amount is being netted against the new debt and amortized over the life of the old debt, which was shorter. The transaction resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $429,574 and a reduction of future debt service payments by $477,087.

Legal Debt Margin – The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Calculation of Legal Debt Margin – September 30, 2020

| | |
|---|---|
| Adjusted Tax Base Valuation | $6,213,539,033 |
| Constitutional Limit | 2.5% of assessed valuation |
| Maximum Constitutional Revenue Available | $155,338,476 |
| Tax Rate to Achieve Maximum Tax Revenue | $2.5000 per $100 of valuation |
| Adopted Tax Rate for Fiscal Year 2019-20 | $0.5995 per $100 of valuation |
| Available Unused Constitutional Maximum Tax Rate | $1.9005 per $100 of valuation |

Developer Advances – In prior years, the City entered into a development agreement, whereby American Realty Trust, Inc., Income Opportunity Realty Investors, Inc., and Transcontinental Realty Investors, Inc. agreed to advance funds to the City for project construction costs in Tax Increment Financing District No. 1 ("TIF No. 1"). The funds advanced and interest payable could be reimbursed from the TIF No. 1 fund only to the extent such funds are on deposit in the fund. Interest accrued beginning from the date the funds were received by the City. The interest rate was the lower of six percent (6%) or the developer's actual cost of funds. This interest was calculated on a simple straight-line basis semiannually on the unpaid balance plus accrued interest to date. Upon expiration of the TIF No. 1 on December 31, 2019, the amount of $9,979,973 of accrued interest payable was no longer due to be paid and the fund was closed. A gain on extinguishment of debt was recognized as a result of this transaction.

Landfill Closure and Postclosure Costs – The City owns a sanitary landfill site located in the city of Lewisville, Texas. On October 1, 2008, the City renewed a previous ten-year contract with Allied Waste North America, Inc. ("Allied Waste") for the operation and management of the landfill. The current agreement continues until all permitted air space has been filled with waste material.

The landfill operates on a "cell" basis and state and federal laws require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The site capacity of 53.2 million cubic yards will be reached in approximately 32 years. The City recognizes a portion of the final closure and postclosure care liability in each operating period even though actual final payout will not occur until the landfill is completely closed.

The amount recognized as a liability is based on the landfill capacity used as of the balance sheet date. As of September 30, 2020, the City had incurred a liability of $7,259,296, which represents the amount of costs estimated to date based on 39% of landfill capacity used to date. This amount includes a reduction of $598,822 for closure related expenditures paid during fiscal year 2020. The remaining estimated liability for these costs is $11,307,749, which will be recognized as the remaining capacity is used. Additionally, during the term of the agreement, the City is required to maintain a special revenue fund for future landfill closure and postclosure costs and has restricted the fund balance of $3,052,071 for these costs. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

Changes in long-term liabilities - Changes in the City's long-term liabilities for the year ended September 30, 2020 are as follows:

| | Balance at Beginning of Year | Increase | Decrease | Balance at End of Year | Due Within One Year | Due Within More Than One Year |
|---|---|---|---|---|---|---|
| Governmental activities | | | | | | |
| Bonds payable - public offering: | | | | | | |
| General obligation bonds - public offerings | $ 51,510,000 | $ 12,305,000 | $ (7,105,000) | $ 56,710,000 | $ 3,985,000 | $ 52,725,000 |
| Unamortized amounts: For issuance premiums | 2,452,993 | 1,178,547 | (352,154) | 3,279,386 | 362,020 | 2,917,366 |
| Total bonds payable - public offerings | 53,962,993 | 13,483,547 | (7,457,154) | 59,989,386 | 4,347,020 | 55,642,366 |
| Bonds payable - direct placements | | | | | | |
| General obligation bonds - direct placements | 1,270,000 | | (310,000) | 960,000 | 315,000 | 645,000 |
| Total bonds payable | 55,232,993 | 13,483,547 | (7,767,154) | 60,949,386 | 4,662,020 | 56,287,366 |
| Compensated absences | 5,194,058 | 162,091 | (175,598) | 5,180,551 | 346,335 | 4,834,216 |
| Net pension liability | 41,730,717 | 10,965,640 | (28,628,209) | 24,068,148 | | 24,068,148 |
| Total OPEB liability | 4,522,086 | 1,015,917 | (769,368) | 4,768,635 | | 4,768,635 |
| Claims | 738,703 | 3,350,607 | (3,458,267) | 631,043 | 124,026 | 507,017 |
| Landfill closure and postclosure care costs | 7,018,722 | 839,396 | (598,822) | 7,259,296 | | 7,259,296 |
| Governmental activities long-term debt | $ 114,437,279 | $ 29,817,198 | $ (41,397,418) | $ 102,857,059 | $ 5,132,381 | $ 97,724,678 |
| Business-type activities | | | | | | |
| Compensated absences | $ 203,783 | $ 230,385 | $ (203,783) | $ 230,385 | $ 25,054 | $ 205,331 |
| Net pension liability | 2,200,943 | 565,754 | (1,493,093) | 1,273,604 | | 1,273,604 |
| Total OPEB liability | 447,239 | 100,477 | (76,093) | 471,623 | | 471,623 |
| Business-type activities long-term debt | $ 2,851,965 | $ 896,616 | $ (1,772,969) | $ 1,975,612 | $ 25,054 | $ 1,950,558 |
| Total | $ 117,289,244 | $ 30,713,814 | $ (43,170,387) | $ 104,832,671 | $ 5,157,435 | $ 99,675,236 |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, internal service fund liabilities for claims payable of $631,043, compensated absences of $106,390, total OPEB liability of $262,011, and net pension liability of $726,752 are included in the above amounts. In addition, for the governmental activities, claims payable, compensated absences, total OPEB liability and net pension liability are generally liquidated by the general fund. The developer advances were liquidated from the TIF No. 1 District capital projects fund. The landfill closure and postclosure care costs will be liquidated from the landfill closure/postclosure fund.

The debt service requirements at September 30, 2020 are as follows:

Governmental Activities:

| Year Ended | Bonds - Public Offerings | | Bonds - Direct Placements | | |
|---|---|---|---|---|---|
| September 30 | Principal | Interest | Principal | Interest | Total |
| 2021 | $ 4,347,020 | $ 1,964,404 | $ 315,000 | $ 14,006 | $ 6,640,430 |
| 2022 | 4,663,487 | 1,776,613 | 320,000 | 8,647 | 6,768,747 |
| 2023 | 4,817,596 | 1,574,473 | 325,000 | 3,204 | 6,720,273 |
| 2024 | 3,806,156 | 1,410,121 | | | 5,216,277 |
| 2025 | 3,498,343 | 1,280,891 | | | 4,779,234 |
| 2026-2030 | 16,616,481 | 4,706,192 | | | 21,322,673 |
| 2031-2035 | 14,871,745 | 2,070,217 | | | 16,941,962 |
| 2036-2039 | 7,368,558 | 336,115 | | | 7,704,673 |
| Total | $ 59,989,386 | $ 15,119,026 | $ 960,000 | $ 25,857 | $ 76,094,269 |

H. Risk Management and Other Information

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters: and, injuries to employees. A Schedule of Insurance Policies in Force showing the type of coverage, deductible, and liability limit is shown in Table 18.

Workers' Compensation Insurance - The City has established the workers' compensation fund (an internal service fund) to account for workers' compensation uninsured risks of loss. Under this program, the workers' compensation fund provides coverage for up to a maximum of $350,000 for each workers' compensation occurrence claim.

The costs associated with this self-insurance plan are funded by charges to the City's other funds. Liabilities include provisions for claims reported and claims incurred, but not reported. The provision for reported claims is computed by the City's third-party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported, is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2019. State law provides that the City is relieved of liability if notice of employee injury is not been received within 30 days of the date on which the injury occurs.

At September 30, 2020, the amount of workers' compensation liabilities was $191,195. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses (ALAE), which are primarily legal expenses. Changes in the balance of claims liability during the past two years are as follows:

| Fiscal Year | Beginning Fiscal Year Liability | Claims Incurred | Claims Payments | Changes in Estimates | Ending Fiscal Year Liability |
|---|---|---|---|---|---|
| 2018-2019 | $300,857 | $71,678 | ($143,097) | $124,551 | $353,989 |
| 2019-2020 | $353,989 | $120,850 | ($181,663) | ($101,981) | $191,195 |

At September 30, 2020, workers' compensation fund cash and investments of $1,121,864 were held for funding future obligations. The City continues to carry commercial insurance for other risks of loss (except medical insurance as described in the following section). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Group Medical Insurance – The health claims fund (an internal service fund) was established to account for the provision of group medical insurance coverage for employees and their dependents. The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each month for a portion of medical group insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their medical coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific deductible of $150,000 per individual and an $80,000 aggregating specific corridor with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment point of $4,555,294, which may increase based on enrollment. The aggregate contract will pay up to $1,000,000 on total claims over the attachment point.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the City reimburses the insurance company for each claim paid. The insurance company charges the City a fee for this service.

At September 30, 2020, the amount of estimated claims payable was $439,848. Changes in the reported liability since October 1, 2018 resulted from the following:

| Fiscal Year | Beginning Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Ending Fiscal Year Liability |
|---|---|---|---|---|
| 2018-2019 | $377,087 | $2,889,762 | ($2,882,135) | $384,714 |
| 2019-2020 | $384,714 | $2,555,115 | ($2,499,981) | $439,848 |

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not reported is determined by an independent consultant.

1) Commitments and Contingencies

The City has several long-term agreements with significant commitments as follows:

a. City of Dallas Water Purchase Agreement - The City purchases treated water from the City of Dallas under a 30-year contract negotiated in August 2010. The City makes payments to the City of Dallas at a rate of $.3766 per 1,000 gallons plus $278,529 per year for each million gallons per day rate of flow (maximum delivery rate). The City paid $5,424,919 to the City of Dallas for the fiscal year ended September 30, 2020.

b. Trinity River Authority (the "Authority") Sewage Disposal Agreement - On November 29, 1973, the City, along with other cities, entered into a 50-year contract with the Authority, whereby the Authority will provide and operate a regional wastewater treatment plant and wastewater conveyance facility constructed with the Authority's funds. In return, the cities agreed to pay for such services based on a usage formula that will provide reimbursements for operations, maintenance, and debt service payments to the Authority. The cities are jointly and severally responsible for the above payments. Each city's proportionate share is determined annually according to its contributing flow to the system. The City paid $4,188,084 to the Authority for the fiscal year ended September 30, 2020.

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of City management, these actions will not result in a significant impact of the City's financial position.

The City participates in several federal grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. For the year ended September 30, 2020, grant expenditures did exceed the threshold for the single audit requirement; therefore, a single audit will be performed regarding the City's federal funding.

2) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The City of Farmers Branch administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007 and are not eligible for Medicare;
- Must have worked for the City for at least ten years, which do not need to be concurrent;
- Must meet the eligibility requirements of the Texas Municipal Retirement System (TMRS) and retire from the City; and,
- Must be on the City's health plan at the time of retirement, and for dependents to be carried on the health plan, they must be on the plan at that time.

Benefits Provided - The City contributes $575 per month toward the cost of a health reimbursement account (HRA) administered through CONEXIS, plus an annual lump sum funding of $500 to the HRA, and the full premium for life insurance coverage of $12,000. The City's contribution for future health insurance premiums is capped at a maximum of $575 per month. As an alternative, to the HRA, retirees may be provided an age-adjusted high deductible health insurance plan with no contribution from the City.

Plan members receiving benefits contribute the full group premium for dental or vision plans selected. They also pay the full premium for age-adjusted life insurance coverage if they choose coverage after they turn 65.

Retirees are required to enroll in Medicare, if they are eligible, at age 65. For those who are not eligible for Medicare, the City will pay the monthly premium for Medicare Part A for any retirees who reach age 65 and must provide documentation from Social Security on Medicare ineligibility.

Employees Covered by Benefit Terms – At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Retirees and beneficiaries | 75 |
| Inactive, nonretired members | 0 |
| Active employees | 131 |
| Total | 206 |

The City's retiree healthcare benefit is only provided to employees who were hired prior to January 1, 2007 and are not eligible for Medicare.

Total OPEB Liability

The City's total OPEB liability of $5,240,258 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Actuarial Assumptions and Methods

| | |
|---|---|
| Valuation Date: | December 31, 2018 |
| Methods and Assumptions: | |
| Actuarial cost method | Individual Entry-Age Normal |
| Discount rate | 2.75% as of December 31, 2019 |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50% Including Inflation |
| Demographic assumptions | Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). |
| Mortality | For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. |
| Health care trend rates | N/A. The City's subsidy is a fixed dollar contribution to a retiree health care account. |
| Participation rates | Medical: 90% of retirees who are eligible for a subsidy;<br>Life Insurance: 100% of eligible retirees |
| Other Information: | |
| Notes | The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study. |

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at 12/31/2018 | $ 4,969,325 |
| Changes for the year: | |
| Service cost | 103,922 |
| Interest on the total OPEB liability | 177,352 |
| Difference between expected and actual experience of the total OPEB liability | 21,854 |
| Changes of assumptions | 449,630 |
| Benefit payments | (481,825) |
| Net changes | 270,933 |
| Balance at 12/31/2019 | $ 5,240,258 |

There were no changes in benefit terms during the year.

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. The discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption – Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the City's total OPEB liability, calculated using a discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

| | 1% Decrease 1.75% | Discount Rate 2.75% | 1% Increase 3.75% |
|---|---|---|---|
| Total OPEB Liability | $5,533,479 | $5,240,258 | $4,959,075 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates Assumption – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the City's total liability, calculated using the assumed trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percent lower or one percent higher:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $5,240,258 | $5,240,258 | $5,240,258 |

Note: The City's retiree medical benefit is a set dollar amount that is not impacted by future medical trends.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City of Farmers Branch recognized OPEB expense of $347,081. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Benefits paid subsequent to the measurement date | $ 363,636 | $ |
| Changes in assumptions | 441,246 | 69,308 |
| Differences between expected and actual experience | 25,755 | 90,127 |
| Total | $ 830,637 | $ 159,435 |

The amount of $363,636 reported as deferred outflows of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended September 30: | |
|---|---|
| 2021 | $ 65,807 |
| 2022 | 65,807 |
| 2023 | 65,807 |
| 2024 | 73,691 |
| 2025 | 36,454 |
| Total | $ 307,566 |

3) Defined Benefit Pension Plan

Plan Description

The City of Farmers Branch participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. Beginning in 1996 the City granted, on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically computing the member's account balance by assuming that the current member deposit rate of 7% and City matching ratio of 2 to 1 has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the 2 to 1 City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Additionally, initiated in 1996, the City provides, on an annually repeating basis, increases for retirees equal to 70% of the change in the Consumer Price Index (CPI).

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years.

*Employees covered by benefit terms:*

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 345 |
| Inactive employees entitled to but not yet receiving benefits | 354 |
| Active employees | 403 |
| Total | 1,102 |

Contributions

The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmers Branch were 18.62% and 19.14% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were $5,596,912.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.5% per year |
| Overall payroll growth | 2.55% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rate for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Global Equity | 30.0% | 5.30% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 4.14% |
| Real Return | 10.0% | 3.85% |
| Real Estate | 10.0% | 4.00% |
| Absolute Return | 10.0% | 3.48% |
| Private Equity | 10.0% | 7.75% |
| Total | 100.0% | |

*Discount rate:*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Changes in the net pension liability:*

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2018 | $ 267,981,904 | $ 224,050,244 | $ 43,931,660 |
| Changes for the year: | | | |
| Service cost | 5,127,310 | | 5,127,310 |
| Interest | 17,818,591 | | 17,818,591 |
| Difference between expected and actual experience | 415,085 | | 415,085 |
| Change in assumptions | 121,972 | | 121,972 |
| Contributions - employer | | 5,553,843 | (5,553,843) |
| Contributions - employee | | 2,102,588 | (2,102,588) |
| Net investment income | | 34,618,034 | (34,618,034) |
| Benefit payments, including refunds of employee contributions | (13,132,856) | (13,132,856) | |
| Administrative expense | | (195,719) | 195,719 |
| Other changes | | (5,880) | 5,880 |
| Net changes | $ 10,350,102 | $ 28,940,010 | $ (18,589,908) |
| Balance at 12/31/2019 | $ 278,332,006 | $ 252,990,254 | $ 25,341,752 |

*Sensitivity of the net pension liability (asset) to changes in the discount rate:*

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease 5.75% | Current Single Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| City's net pension liability (asset) | $63,101,046 | $25,341,752 | $(5,737,773) |

*Pension plan fiduciary net position:*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

*Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:*

For the year ended September 30, 2020, the City recognized pension expense of $7,281,999.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Contributions subsequent to the measurement date | $ 4,178,036 | $ |
| Differences between projected and actual investment earnings | | 7,838,496 |
| Changes of actuarial assumptions | 89,619 | |
| Differences between expected and actual economic experience | 1,084,768 | |
| Total | $ 5,352,423 | $ 7,838,496 |

The amount of $4,178,036 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

| Year Ended: | |
|---|---|
| 2021 | $ (1,605,788) |
| 2022 | (1.959.504) |
| 2023 | 800,110 |
| 2024 | (3,898,927) |
| Total | $ (6,664,109) |

4) Accounting Standards

The GASB has issued the following Statement(s) which will become effective in future years as shown below based on the guidance of GASB Statement No. 95, [*Postponement of the Effective Dates of Certain Authoritative Guidances*]:

GASB Statement No. 84 – *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 87 – *Leases.* This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will take effect for financial statements starting with the fiscal year that ends September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense of the period. This Statement will become effective September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 90 – *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement will become effective September 30, 2021. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 91 – *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This Statement will become effective September 30, 2023. Management has not yet determined the impact of this Statement on its financial statements. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 92 – *Omnibus 2020.* The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The Statement will become effective September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates.* The primary objectives of this Statement are to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR"). The Statement will become effective September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The Statement will become effective September 30, 2023. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements.* The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. The Statement will become effective September 30, 2023. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement will become effective September 30, 2022. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

| Measurement Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| Actuarial Valuation Date | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 |
| Total pension liability | | | | | | |
| Service cost | $ 4,007,557 | $ 4,261,691 | $ 4,616,826 | $ 4,806,867 | $ 4,866,475 | $ 5,127,310 |
| Interest (on the total pension liability) | 15,367,910 | 15,717,266 | 15,747,728 | 16,395,749 | 17,101,046 | 17,818,591 |
| Difference between expected and actual experience | (3,914,413) | (698,312) | 1,000,031 | 1,014,084 | 876,127 | 415,085 |
| Change in assumptions | | 626,944 | | | | 121,972 |
| Benefit payments, including refunds of employee contributions | (10,236,923) | (10,957,740) | (11,677,954) | (12,040,638) | (11,554,676) | (13,132,856) |
| Net change in total pension liability | 5,224,131 | 8,949,849 | 9,686,631 | 10,176,062 | 11,288,972 | 10,350,102 |
| Total pension liability - beginning | 222,656,259 | 227,880,390 | 236,830,239 | 246,516,870 | 256,692,932 | 267,981,904 |
| Total pension liability - ending (a) | $ 227,880,390 | $ 236,830,239 | $ 246,516,870 | $ 256,692,932 | $ 267,981,904 | $ 278,332,006 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | $ 4,951,824 | $ 4,939,690 | $ 4,776,281 | $ 5,118,344 | $ 5,312,253 | $ 5,553,843 |
| Contributions - employee | 1,779,313 | 1,843,704 | 1,920,471 | 1,964,277 | 2,000,313 | 2,102,588 |
| Net investment income | 11,387,339 | 305,177 | 13,701,366 | 29,283,799 | (7,051,348) | 34,618,034 |
| Benefit payments, including refunds of employee contributions | (10,236,923) | (10,957,740) | (11,677,954) | (12,040,638) | (11,554,676) | (13,132,856) |
| Administrative expense | (118,899) | (185,890) | (154,760) | (151,785) | (136,330) | (195,719) |
| Other | (9,775) | (9,182) | (8,338) | (7,692) | (7,123) | (5,880) |
| Net change in plan fiduciary net position | 7,752,879 | (4,064,241) | 8,557,066 | 24,166,305 | (11,436,911) | 28,940,010 |
| Plan fiduciary net position - beginning | 199,075,146 | 206,828,025 | 202,763,784 | 211,320,850 | 235,487,155 | 224,050,244 |
| Plan fiduciary net position - ending (b) | $ 206,828,025 | $ 202,763,784 | $ 211,320,850 | $ 235,487,155 | $ 224,050,244 | $ 252,990,254 |
| Net pension liability - ending [(a) - (b)] | $ 21,052,365 | $ 34,066,455 | $ 35,196,020 | $ 21,205,777 | $ 43,931,660 | $ 25,341,752 |
| Plan fiduciary net position as a percentage of total pension liability | 90.76% | 85.62% | 85.72% | 91.74% | 83.61% | 90.90% |
| Covered payroll | $ 25,406,973 | $ 25,797,163 | $ 26,888,911 | $ 28,061,102 | $ 28,575,894 | $ 30,036,968 |
| Net pension liability as a percentage of covered payroll | 82.86% | 132.06% | 130.89% | 75.57% | 153.74% | 84.37% |

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Texas Municipal Retirement System - Schedule of Contributions
Last Ten Fiscal Years

| Fiscal Year | (1) Actuarially determined contribution | (2) Contributions in relation to the actuarially determined contribution | (3) Contribution excess (deficiency) (2) - (1) | (4) Covered payroll | (5) Actuarially determined contributions as a percentage of covered payroll (1)/(4) | (6) Contributions as a percentage of covered payroll (2)/(4) |
|---|---|---|---|---|---|---|
| 2011 | $ 5,820,537 | $ 4,832,072 | $ (988,465) | $ 26,147,793 | 22.26% | 18.48% |
| 2012 | 4,730,179 | 4,730,179 | 0 | 24,713,567 | 19.14% | 19.14% |
| 2013 | 4,875,095 | 4,875,095 | 0 | 24,834,269 | 19.63% | 19.63% |
| 2014 | 4,919,572 | 4,919,572 | 0 | 25,143,279 | 19.57% | 19.57% |
| 2015 | 4,887,161 | 4,887,161 | 0 | 25,596,098 | 19.09% | 19.09% |
| 2016 | 4,859,534 | 4,859,534 | 0 | 26,799,133 | 18.13% | 18.13% |
| 2017 | 5,042,680 | 5,042,680 | 0 | 27,664,216 | 18.23% | 18.23% |
| 2018 | 5,235,027 | 5,235,027 | 0 | 28,294,655 | 18.50% | 18.50% |
| 2019 | 5,512,290 | 5,512,290 | 0 | 29,772,189 | 18.51% | 18.51% |
| 2020 | 5,596,912 | 5,596,912 | 0 | 29,695,237 | 18.85% | 18.85% |

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

| | |
|---|---|
| Notes | Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later. |

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 26 Years |
| Asset Valuation Method | 10 Year Smoothed Market, 12% Soft Corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% Including Inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generatonal basis with scale UMP.<br>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

Other Information:

| | |
|---|---|
| Notes | There were no benefit changes during the year. |

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (will ultimately be displayed)
(UNAUDITED)

Retiree Health Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

| Fiscal year ending September 30, | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total OPEB liability | | | |
| Service cost | $ 103,922 | $ 112,523 | $ 117,900 |
| Interest on the total OPEB liability | 177,352 | 173,090 | 199,485 |
| Difference between expected and actual experience of the total OPEB liability | 21,854 | (142,849) | 15,272 |
| Changes of assumptions | 449,630 | (109,852) | 143,553 |
| Benefit payments | (481,825) | (473,238) | (486,880) |
| Net change in total OPEB liability | 270,933 | (440,326) | (10,670) |
| Total OPEB liability - beginning | 4,969,325 | 5,409,651 | 5,420,321 |
| Total OPEB liability - ending | $ 5,240,258 | $ 4,969,325 | $ 5,409,651 |
| Covered-employee payroll | $ 13,088,231 | $ 13,527,167 | $ 12,668,540 |
| Total OPEB liability as a percentage of covered-employee payroll | 40.04% | 36.74% | 42.70% |

Notes to Schedule:

FYE20 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study.

Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

| FYE | Discount Rate |
|---|---|
| 2020 | 2.75% |
| 2019 | 3.71% |
| 2018 | 3.31% |
| 2017 | 3.81% |

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OTHER SUPPLEMENTARY INFORMATION

## SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Hotel/Motel - to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The City hotel occupancy tax rate for its twelve hotels is 7%.

Police Forfeitures - to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Donations - to account for voluntary contributions for community improvement.

Cemetery – to account for grounds maintenance of Keenan Cemetery.

Tax Increment Reinvestment Zone No. 3 – to dedicate certain tax increment revenues to the Mercer Crossing Development and apply these revenues to reduce the public improvement district assessments.

Municipal Court Fees – to account for the municipal court building security fee dedicated to courthouse security and the municipal court technology fee for the purchase of technological enhancements.

Landfill Closure/Postclosure - to account for the accumulated contributions from a prior contract with Allied Waste North America, Inc. to provide resources for current and future landfill costs related to closure/postclosure.

Joint Fire Training – to account for the contributions from the participating cities to pay for the operations of the Joint Fire Training facility.

PEG Access Channel – to account for Public, Educational, Governmental (PEG) access channel capital support. Funding source is 1% of cable franchisees' gross revenue.

Farmers Branch Local Government Corporation – to account for activities to further the promotion, development, encouragement, and maintenance of employment, commerce, economic development and public facility development in Farmers Branch on behalf of the City.

Residential Revitalization Bond – to finance the City's programs for economic development for single-family residential redevelopment and revitalization in the City.

## DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds.

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The following is a description of the City's Capital Projects Funds:

Non-Bond Capital Projects – to account for the acquisition and construction of major capital facilities.

Hotel/Motel – to account for the construction and financing of historical park improvements, funded by hotel/motel tax revenues.

Street Improvement Bond – to account for permanent public improvements for streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefor.

Fire Station #2 / Landfill Bond – to account for the construction and relocation of Fire Station #2 and to construct a new scale house and maintenance facility at the Camelot Landfill.

Radio System Bond – to account for public radio system upgrades and improvements.

Consolidated Dispatch Bond – to account for acquiring, equipping, or constructing of joint public safety dispatch, communications, and training facilities.

Pike Street / Station Area Improvement Bond – to account for infrastructure construction in the City's light rail station area including sidewalks, street lighting, parking and streetscaping, and related storm drainage improvements, and acquiring rights-of-way in connection therewith.

TIF No. 1 District - to account for infrastructure construction in the Mercer Crossing tax increment financing district and is funded from developer contributions, developer advances, and property tax payments. The TIF No. 1 expired December 31, 2019 and the fund has been closed.

TIF No. 2 District - to account for infrastructure construction in the Old Farmers Branch tax increment financing district and is funded from developer contributions, developer advances, and property tax payments.

Trails & Sidewalks Bond – to provide funds for park and open space improvements, including trails, sidewalks and nature preserves.

COMBINING BALANCE SHEET - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash, cash equivalents, and investments | $ 8,848,215 | $ 3,077,069 | $ 24,699,062 | $ 36,624,346 |
| Receivables (net of allowance for uncollectibles) | 133,174 | 245,253 | 193,278 | 571,705 |
| Accrued interest and other | 17,022 | | 51,370 | 68,392 |
| Inventories | 703,800 | | | 703,800 |
| Prepaid items | 1,063 | | | 1,063 |
| Total assets | $ 9,703,274 | $ 3,322,322 | $ 24,943,710 | $ 37,969,306 |
| LIABILITIES | | | | |
| Accounts payable | $ 151,688 | $ | $ 430,361 | $ 582,049 |
| Retainage payable | | | 155,039 | 155,039 |
| Deposits payable | 250,000 | 200,000 | 621,018 | 1,071,018 |
| Unearned revenue | 7,239 | | | 7,239 |
| Total liabilities | 408,927 | 200,000 | 1,206,418 | 1,815,345 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | | 124,912 | 7,669 | 132,581 |
| Total deferred inflows of resources | | 124,912 | 7,669 | 132,581 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventory | 703,800 | | | 703,800 |
| Prepaid items | 1,063 | | | 1,063 |
| Restricted for: | | | | |
| Construction of capital assets | | | 18,799,688 | 18,799,688 |
| Landfill closure / postclosure | 3,052,071 | | | 3,052,071 |
| Promotion of tourism | 2,132,578 | | | 2,132,578 |
| Purpose of grantors, trustees and donors | 620,486 | | | 620,486 |
| Economic development | 1,911,614 | | | 1,911,614 |
| Debt service | | 2,997,410 | | 2,997,410 |
| Law enforcement | 849,944 | | | 849,944 |
| Fire training operations | 22,791 | | | 22,791 |
| Assigned to: | | | | |
| Construction of capital assets | | | 4,929,935 | 4,929,935 |
| Total fund balances | 9,294,347 | 2,997,410 | 23,729,623 | 36,021,380 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 9,703,274 | $ 3,322,322 | $ 24,943,710 | $ 37,969,306 |

CITY OF FARMERS BRANCH, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

| | Nonmajor Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | Hotel/ Motel | Police Forfeitures | Donations | Cemetery | Tax Increment Reinvestment Zone No. 3 | Municipal Court Fees |
| ASSETS | | | | | | |
| Cash, cash equivalents, and investments | $ 2,060,589 | $ 358,689 | $ 401,290 | $ 8,279 | $ 617,388 | $ 497,106 |
| Receivables (net of allowance for uncollectibles) | 104,873 | 997 | | | | |
| Accrued interest and other | 4,230 | 765 | 777 | 16 | 1,384 | 102 |
| Inventories | | | | | | |
| Prepaid items | 1,063 | | | | | |
| Total assets | $ 2,170,755 | $ 360,451 | $ 402,067 | $ 8,295 | $ 618,772 | $ 497,208 |
| LIABILITIES | | | | | | |
| Accounts payable | $ 37,114 | | $ 1,488 | | $ 108,258 | $ 476 |
| Deposits payable | | | | | 250,000 | |
| Unearned revenue | | 7,239 | | | | |
| Total liabilities | 37,114 | 7,239 | 1,488 | | 358,258 | 476 |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | | | | | | |
| Prepaid items | 1,063 | | | | | |
| Restricted for: | | | | | | |
| Landfill closure / postclosure | | | | | | |
| Promotion of tourism | 2,132,578 | | | | | |
| Purpose of grantors, trustees, and donors | | | 400,579 | 8,295 | | |
| Economic development | | | | | 260,514 | |
| Law enforcement | | 353,212 | | | | 496,732 |
| Fire training operations | | | | | | |
| Total fund balances | 2,133,641 | 353,212 | 400,579 | 8,295 | 260,514 | 496,732 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 2,170,755 | $ 360,451 | $ 402,067 | $ 8,295 | $ 618,772 | $ 497,208 |

| Nonmajor Special Revenue Funds | | | | | Total |
|---|---|---|---|---|---|
| Landfill Closure / Postclosure | Joint Fire Training | PEG Access Channel | Farmers Branch Local Gov't Corporation | Residential Revitalization Bond | Nonmajor Special Revenue Funds |
| $ 3,045,559 | $ 25,277 | $ 155,685 | $ 40,683 | $ 1,637,670 | $ 8,848,215 |
| | | 14,874 | | 12,430 | 133,174 |
| 6,512 | 72 | 370 | | 2,794 | 17,022 |
| | | | | 703,800 | 703,800 |
| | | | | | 1,063 |
| $ 3,052,071 | $ 25,349 | $ 170,929 | $ 40,683 | $ 2,356,694 | $ 9,703,274 |
| | $ 2,558 | | | $ 1,794 | $ 151,688 |
| | | | | | 250,000 |
| | | | | | 7,239 |
| | 2,558 | | | 1,794 | 408,927 |
| | | | | 703,800 | 703,800 |
| | | | | | 1,063 |
| 3,052,071 | | | | | 3,052,071 |
| | | | | | 2,132,578 |
| | | 170,929 | 40,683 | | 620,486 |
| | | | | 1,651,100 | 1,911,614 |
| | | | | | 849,944 |
| | 22,791 | | | | 22,791 |
| 3,052,071 | 22,791 | 170,929 | 40,683 | 2,354,900 | 9,294,347 |
| $ 3,052,071 | $ 25,349 | $ 170,929 | $ 40,683 | $ 2,356,694 | $ 9,703,274 |

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2020

| | Nonmajor Capital Projects Funds | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-Bond | Hotel/ Motel | Street Improvement Bond | Fire Station #2 / Landfill Bond | Radio System Bond | Consolidated Dispatch Bond | Pike Street / Station Area Improvement Bond | TIF District No. 1 | TIF District No. 2 | Trails & Sidewalks Bond | Total Nonmajor Capital Projects Funds |
| ASSETS | | | | | | | | | | | |
| Cash, cash equivalents, and investments | $ 4,988,927 | $ 40,020 | $ 4,571,088 | $ 1,002,887 | $ 221,406 | $ 278,052 | $ 4,081,256 | $ | $ 2,543,791 | $ 6,971,635 | $ 24,699,062 |
| Receivables (net of allowance for uncollectibles) | 193,278 | | | | | | | | | | 193,278 |
| Accrued interest and other | 6,822 | 129 | 12,494 | 5,020 | 348 | 586 | 8,600 | | 5,047 | 12,324 | 51,370 |
| Total assets | $ 5,189,027 | $ 40,149 | $ 4,583,582 | $ 1,007,907 | $ 221,754 | $ 278,638 | $ 4,089,856 | $ | $ 2,548,838 | $ 6,983,959 | $ 24,943,710 |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable | $ 86,907 | $ 12,993 | $ 285,783 | $ | $ 44,678 | $ | $ | $ | $ | $ | $ 430,361 |
| Retainage payable | 17,610 | | 137,429 | | | | | | | | 155,039 |
| Deposits payable | 146,906 | | | 302,684 | | 171,428 | | | | | 621,018 |
| Total liabilities | 251,423 | 12,993 | 423,212 | 302,684 | 44,678 | 171,428 | | | | | 1,206,418 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Unavailable revenue | 7,669 | | | | | | | | | | 7,669 |
| Total deferred inflows of resources | 7,669 | | | | | | | | | | 7,669 |
| FUND BALANCES | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | |
| Construction of capital assets | | 27,156 | 4,160,370 | 705,223 | 177,076 | 107,210 | 4,089,856 | | 2,548,838 | 6,983,959 | 18,799,688 |
| Assigned to: | | | | | | | | | | | |
| Construction of capital assets | 4,929,935 | | | | | | | | | | 4,929,935 |
| Total fund balances | 4,929,935 | 27,156 | 4,160,370 | 705,223 | 177,076 | 107,210 | 4,089,856 | | 2,548,838 | 6,983,959 | 23,729,623 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 5,189,027 | $ 40,149 | $ 4,583,582 | $ 1,007,907 | $ 221,754 | $ 278,638 | $ 4,089,856 | $ | $ 2,548,838 | $ 6,983,959 | $ 24,943,710 |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SUMMARY
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| REVENUES | | | | |
| Property taxes | $ | $ 4,427,203 | $ | $ 4,427,203 |
| Hotel/motel taxes | 1,794,067 | | | 1,794,067 |
| Franchise taxes | 63,357 | | | 63,357 |
| Tax increment financing | 8,050 | | 4,505,726 | 4,513,776 |
| Charges for services | 71,366 | 1,304,338 | | 1,375,704 |
| Fines and forfeitures | 149,326 | | | 149,326 |
| Investment income | 198,624 | 600,000 | 568,052 | 1,366,676 |
| Intergovernmental | 78,087 | | 431,676 | 509,763 |
| Developer contributions | 300,000 | | 27,498 | 327,498 |
| Miscellaneous | 155,270 | | | 155,270 |
| Total revenues | 2,818,147 | 6,331,541 | 5,532,952 | 14,682,640 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,017,721 | | | 1,017,721 |
| Public safety | 614,800 | | | 614,800 |
| Public works | 598,822 | | | 598,822 |
| Culture and recreation | 1,627,243 | | | 1,627,243 |
| Debt service: | | | | |
| Principal retirement | | 4,120,000 | | 4,120,000 |
| Interest and fiscal agent charges | | 2,038,243 | 2,559,005 | 4,597,248 |
| Issuance costs | 47,093 | 20,154 | 109,884 | 177,131 |
| Capital outlay | | | 10,554,026 | 10,554,026 |
| Total expenditures | 3,905,679 | 6,178,397 | 13,222,915 | 23,306,991 |
| Excess (deficiency) of revenues over (under) expenditures | (1,087,532) | 153,144 | (7,689,963) | (8,624,351) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | 3,450,500 | 3,450,500 |
| Transfers out | (288,000) | | | (288,000) |
| Bonds issued | 2,823,000 | 2,895,000 | 6,587,000 | 12,305,000 |
| Premium on debt issued | 221,243 | 441,070 | 516,234 | 1,178,547 |
| Payment to escrow agent | | (3,290,921) | | (3,290,921) |
| Sale of capital assets/insurance recoveries | 633,232 | | | 633,232 |
| Total other financing sources | 3,389,475 | 45,149 | 10,553,734 | 13,988,358 |
| Net change in fund balances | 2,301,943 | 198,293 | 2,863,771 | 5,364,007 |
| Fund balances--beginning | 6,992,404 | 2,799,117 | 20,865,852 | 30,657,373 |
| Fund balances--ending | $ 9,294,347 | $ 2,997,410 | $ 23,729,623 | $ 36,021,380 |

CITY OF FARMERS BRANCH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Nonmajor Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | Hotel/ Motel | Police Forfeitures | Donations | Cemetery | Tax Increment Reinvestment Zone No. 3 | Municipal Court Fees |
| REVENUES | | | | | | |
| Hotel/motel taxes | $ 1,794,067 | $ | $ | $ | $ | $ |
| Franchise taxes | | | | | | |
| Tax increment financing | | | | | 8,050 | |
| Charges for services | 71,366 | | | | | |
| Fines and forfeitures | | 62,386 | | | | 86,940 |
| Investment income | 59,540 | 8,089 | 8,467 | 177 | 15,077 | 1,112 |
| Intergovernmental | | | | | | |
| Developer contributions | | | | | | |
| Miscellaneous | 1,561 | | 67,602 | 1,200 | 84,897 | |
| Total revenues | 1,926,534 | 70,475 | 76,069 | 1,377 | 108,024 | 88,052 |
| EXPENDITURES | | | | | | |
| General government | | | | | 73,801 | 71,284 |
| Public safety | | 35,553 | 5,868 | | | 516,532 |
| Public works | | | | | | |
| Culture and recreation | 1,614,338 | | 12,905 | | | |
| Debt service: issuance cost | | | | | | |
| Total expenditures | 1,614,338 | 35,553 | 18,773 | | 73,801 | 587,816 |
| Excess (deficiency) of revenues over (under) expenditures | 312,196 | 34,922 | 57,296 | 1,377 | 34,223 | (499,764) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | (288,000) | | | | | |
| General obligation bonds issued | | | | | | |
| Premium on bonds issued | | | | | | |
| Sales of capital assets/insurance recoveries | 97,380 | | | | | |
| Total other financing sources (uses) | (190,620) | | | | | |
| Net change in fund balances | 121,576 | 34,922 | 57,296 | 1,377 | 34,223 | (499,764) |
| Fund balances--beginning | 2,012,065 | 318,290 | 343,283 | 6,918 | 226,291 | 996,496 |
| Fund balances--ending | $ 2,133,641 | $ 353,212 | $ 400,579 | $ 8,295 | $ 260,514 | $ 496,732 |

| Nonmajor Special Revenue Funds | | | | | Total |
|---|---|---|---|---|---|
| Landfill Closure / Postclosure | Joint Fire Training | PEG Access Channel | Farmers Branch Local Gov't Corporation | Residential Revitalization Bond | Nonmajor Special Revenue Funds |
| $ | $ | $ | $ | $ | $ 1,794,067 |
| | | 63,357 | | | 63,357 |
| | | | | | 8,050 |
| | | | | | 71,366 |
| | | | | | 149,326 |
| 70,915 | 784 | 4,034 | | 30,429 | 198,624 |
| | 78,087 | | | | 78,087 |
| 300,000 | | | | | 300,000 |
| | | | | 10 | 155,270 |
| 370,915 | 78,871 | 67,391 | | 30,439 | 2,818,147 |
| | | 66,145 | | 806,491 | 1,017,721 |
| | 56,847 | | | | 614,800 |
| 598,822 | | | | | 598,822 |
| | | | | | 1,627,243 |
| | | | | 47,093 | 47,093 |
| 598,822 | 56,847 | 66,145 | | 853,584 | 3,905,679 |
| (227,907) | 22,024 | 1,246 | | (823,145) | (1,087,532) |
| | | | | | (288,000) |
| | | | | 2,823,000 | 2,823,000 |
| | | | | 221,243 | 221,243 |
| 535,852 | | | | | 633,232 |
| 535,852 | | | | 3,044,243 | 3,389,475 |
| 307,945 | 22,024 | 1,246 | | 2,221,098 | 2,301,943 |
| 2,744,126 | 767 | 169,683 | 40,683 | 133,802 | 6,992,404 |
| $ 3,052,071 | $ 22,791 | $ 170,929 | $ 40,683 | $ 2,354,900 | $ 9,294,347 |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Nonmajor Capital Projects Funds | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-Bond | Hotel/ Motel | Street Improvement Bond | Fire Station #2 / Landfill Bond | Radio System Bond | Consolidated Dispatch Bond | Pike Street / Station Area Improvement Bond | TIF District No. 1 | TIF District No. 2 | Trails & Sidewalks Bond | Total Nonmajor Capital Projects Funds |
| REVENUES | | | | | | | | | | | |
| Tax increment financing | $ | $ | $ | $ | $ | $ | $ | $ 2,511,152 | $ 1,994,574 | $ | $ 4,505,726 |
| Investment income | 74,295 | 1,400 | 136,052 | 54,670 | 3,786 | 6,382 | 93,656 | 8,641 | 54,957 | 134,213 | 568,052 |
| Intergovernmental | 431,676 | | | | | | | | | | 431,676 |
| Developer contributions | 27,498 | | | | | | | | | | 27,498 |
| Total revenues | 533,469 | 1,400 | 136,052 | 54,670 | 3,786 | 6,382 | 93,656 | 2,519,793 | 2,049,531 | 134,213 | 5,532,952 |
| EXPENDITURES | | | | | | | | | | | |
| Interest and fiscal agent charges | | | | | | | | 2,559,005 | | | 2,559,005 |
| Issuance costs | | | | | | | 62,791 | | | 47,093 | 109,884 |
| Capital outlay | 2,424,966 | 49,662 | 2,840,632 | 4,032,630 | | | | | 952,801 | 253,335 | 10,554,026 |
| Total expenditures | 2,424,966 | 49,662 | 2,840,632 | 4,032,630 | | | 62,791 | 2,559,005 | 952,801 | 300,428 | 13,222,915 |
| Excess (deficiency) of revenues over (under) expenditures | (1,891,497) | (48,262) | (2,704,580) | (3,977,960) | 3,786 | 6,382 | 30,865 | (39,212) | 1,096,730 | (166,215) | (7,689,963) |
| OTHER FINANCING SOURCES | | | | | | | | | | | |
| Bonds issued | | | | | | | 3,764,000 | | | 2,823,000 | 6,587,000 |
| Premium on debt issued | | | | | | | 294,991 | | | 221,243 | 516,234 |
| Transfers in | 3,450,500 | | | | | | | | | | 3,450,500 |
| Total other financing sources | 3,450,500 | | | | | | 4,058,991 | | | 3,044,243 | 10,553,734 |
| Net change in fund balances | 1,559,003 | (48,262) | (2,704,580) | (3,977,960) | 3,786 | 6,382 | 4,089,856 | (39,212) | 1,096,730 | 2,878,028 | 2,863,771 |
| Fund balances--beginning | 3,370,932 | 75,418 | 6,864,950 | 4,683,183 | 173,290 | 100,828 | | 39,212 | 1,452,108 | 4,105,931 | 20,865,852 |
| Fund balances--ending | $ 4,929,935 | $ 27,156 | $ 4,160,370 | $ 705,223 | $ 177,076 | $ 107,210 | $ 4,089,856 | $ | $ 2,548,838 | $ 6,983,959 | $ 23,729,623 |

# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

Nonmajor Special Revenue Funds and Debt Service Fund

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Hotel/Motel | | | Police Forfeitures | | |
|---|---|---|---|---|---|---|
| | Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance |
| REVENUES | | | | | | |
| Hotel taxes | $ 2,035,000 | $ 1,794,067 | $ (240,933) | $ | $ | $ |
| Fines, forfeitures, and assessments | | | | 43,500 | 62,386 | 18,886 |
| Franchise taxes | | | | | | |
| Tax increment financing | | | | | | |
| Charges for services | 67,700 | 71,366 | 3,666 | | | |
| Investment income | 47,100 | 59,540 | 12,440 | 5,700 | 8,089 | 2,389 |
| Intergovernmental | | | | | | |
| Developer contributions | | | | | | |
| Donations and miscellaneous | 1,500 | 1,561 | 61 | | | |
| Total revenues | 2,151,300 | 1,926,534 | (224,766) | 49,200 | 70,475 | 21,275 |
| EXPENDITURES | | | | | | |
| General government | | | | | | |
| Public safety | | | | 161,000 | 35,553 | 125,447 |
| Public works | | | | | | |
| Culture and recreation | 2,103,729 | 1,614,338 | 489,391 | | | |
| Debt service: issuance cost | | | | | | |
| Total expenditures | 2,103,729 | 1,614,338 | 489,391 | 161,000 | 35,553 | 125,447 |
| Excess (deficiency) of revenues over (under) expenditures | 47,571 | 312,196 | 264,625 | (111,800) | 34,922 | 146,722 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | (288,000) | (288,000) | | | | |
| Bonds issued | | | | | | |
| Premium on bonds issued | | | | | | |
| Sales of capital assets/insurance recoveries | | 97,380 | 97,380 | | | |
| Total other financing sources (uses) | (288,000) | (190,620) | 97,380 | | | |
| Net change in fund balances | (240,429) | 121,576 | 362,005 | (111,800) | 34,922 | 146,722 |
| Fund balances--beginning | 2,012,065 | 2,012,065 | | 318,290 | 318,290 | |
| Fund balances--ending | $ 1,771,636 | $ 2,133,641 | $ 362,005 | $ 206,490 | $ 353,212 | $ 146,722 |

| Donations | | | Cemetery | | | Tax Increment Reinvestment Zone No. 3 | | |
|---|---|---|---|---|---|---|---|---|
| Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance |
| $ | $ | $ | $ | $ | $ | $ | $ | $ |
| | | | | | | 8,100 | 8,050 | (50) |
| 6,300 | 8,467 | 2,167 | 200 | 177 | (23) | 13,000 | 15,077 | 2,077 |
| 73,700 | 67,602 | (6,098) | 1,200 | 1,200 | | 84,900 | 84,897 | (3) |
| 80,000 | 76,069 | (3,931) | 1,400 | 1,377 | (23) | 106,000 | 108,024 | 2,024 |
| 33,200 | | 33,200 | | | | 93,000 | 73,801 | 19,199 |
| 12,400 | 5,868 | 6,532 | | | | | | |
| 45,300 | | 45,300 | | | | | | |
| 25,700 | 12,905 | 12,795 | | | | | | |
| 116,600 | 18,773 | 97,827 | | | | 93,000 | 73,801 | 19,199 |
| (36,600) | 57,296 | 93,896 | 1,400 | 1,377 | (23) | 13,000 | 34,223 | 21,223 |
| (36,600) | 57,296 | 93,896 | 1,400 | 1,377 | (23) | 13,000 | 34,223 | 21,223 |
| 343,283 | 343,283 | | 6,918 | 6,918 | | 226,291 | 226,291 | |
| $ 306,683 | $ 400,579 | $ 93,896 | $ 8,318 | $ 8,295 | $ (23) | $ 239,291 | $ 260,514 | $ 21,223 |

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Municipal Court Fees | | | Landfill Closure / Postclosure | | |
|---|---|---|---|---|---|---|
| | Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance |
| REVENUES | | | | | | |
| Hotel taxes | $ | $ | $ | $ | $ | $ |
| Fines, forfeitures, and assessments | 82,900 | 86,940 | 4,040 | | | |
| Franchise taxes | | | | | | |
| Tax increment financing | | | | | | |
| Charges for services | | | | | | |
| Investment income | 1,300 | 1,112 | (188) | 63,500 | 70,915 | 7,415 |
| Intergovernmental | | | | | | |
| Developer contributions | | | | 300,000 | 300,000 | |
| Donations and miscellaneous | | | | | | |
| Total revenues | 84,200 | 88,052 | 3,852 | 363,500 | 370,915 | 7,415 |
| EXPENDITURES | | | | | | |
| General government | 90,810 | 71,284 | 19,526 | | | |
| Public safety | 527,400 | 516,532 | 10,868 | | | |
| Public works | | | | 1,387,769 | 598,822 | 788,947 |
| Culture and recreation | | | | | | |
| Debt service: issuance cost | | | | | | |
| Total expenditures | 618,210 | 587,816 | 30,394 | 1,387,769 | 598,822 | 788,947 |
| Excess (deficiency) of revenues over (under) expenditures | (534,010) | (499,764) | 34,246 | (1,024,269) | (227,907) | 796,362 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | | | | | | |
| Bonds issued | | | | | | |
| Premium on bonds issued | | | | | | |
| Sales of capital assets/insurance recoveries | | | | 535,900 | 535,852 | (48) |
| Total other financing sources (uses) | | | | 535,900 | 535,852 | (48) |
| Net change in fund balances | (534,010) | (499,764) | 34,246 | (488,369) | 307,945 | 796,314 |
| Fund balances--beginning | 996,496 | 996,496 | | 2,744,126 | 2,744,126 | |
| Fund balances--ending | $ 462,486 | $ 496,732 | $ 34,246 | $ 2,255,757 | $ 3,052,071 | $ 796,314 |

| Joint Fire Training | | | PEG Access Channel | | |
|---|---|---|---|---|---|
| Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance |
| $ | $ | $ | $ | $ | $ |
| | | | 60,000 | 63,357 | 3,357 |
| 500 | 784 | 284 | 2,700 | 4,034 | 1,334 |
| 78,100 | 78,087 | (13) | | | |
| 78,600 | 78,871 | 271 | 62,700 | 67,391 | 4,691 |
| | | | 75,000 | 66,145 | 8,855 |
| 78,100 | 56,847 | 21,253 | | | |
| 78,100 | 56,847 | 21,253 | 75,000 | 66,145 | 8,855 |
| 500 | 22,024 | 21,524 | (12,300) | 1,246 | 13,546 |
| 500 | 22,024 | 21,524 | (12,300) | 1,246 | 13,546 |
| 767 | 767 | | 169,683 | 169,683 | |
| $ 1,267 | $ 22,791 | $ 21,524 | $ 157,383 | $ 170,929 | $ 13,546 |

(continued)

CITY OF FARMERS BRANCH, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Farmers Branch Local Gov't Corporation | | | Residential Revitalization Bond | | |
|---|---|---|---|---|---|---|
| | Revised Budget | Actual Budget Basis | Variance | Revised Budget | Actual Budget Basis | Variance |
| REVENUES | | | | | | |
| Hotel taxes | $ | $ | $ | $ | $ | $ |
| Fines, forfeitures, and assessments | | | | | | |
| Franchise taxes | | | | | | |
| Tax increment financing | | | | | | |
| Charges for services | | | | | | |
| Investment income | | | | 5,100 | 30,429 | 25,329 |
| Intergovernmental | | | | | | |
| Developer contributions | | | | | | |
| Donations and miscellaneous | | | | | 10 | 10 |
| Total revenues | | | | 5,100 | 30,439 | 25,339 |
| EXPENDITURES | | | | | | |
| General government | | | | 1,500,000 | 806,491 | 693,509 |
| Public safety | | | | | | |
| Public works | | | | | | |
| Culture and recreation | | | | | | |
| Debt service: issuance cost | | | | 47,300 | 47,093 | 207 |
| Total expenditures | | | | 1,547,300 | 853,584 | 693,716 |
| Excess (deficiency) of revenues over (under) expenditures | | | | (1,542,200) | (823,145) | 719,055 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | | | | | | |
| Bonds issued | | | | 2,823,000 | 2,823,000 | |
| Premium on bonds issued | | | | 221,300 | 221,243 | (57) |
| Sales of capital assets/insurance recoveries | | | | | | |
| Total other financing sources (uses) | | | | 3,044,300 | 3,044,243 | (57) |
| Net change in fund balances | | | | 1,502,100 | 2,221,098 | 718,998 |
| Fund balances--beginning | 40,683 | 40,683 | | 133,802 | 133,802 | |
| Fund balances--ending | $ 40,683 | $ 40,683 | $ | $ 1,635,902 | $ 2,354,900 | $ 718,998 |

| Totals | | |
|---|---|---|
| Revised Budget | Actual Budget Basis | Variance |
| $ 2,035,000 | $ 1,794,067 | $ (240,933) |
| 126,400 | 149,326 | 22,926 |
| 60,000 | 63,357 | 3,357 |
| 8,100 | 8,050 | (50) |
| 67,700 | 71,366 | 3,666 |
| 145,400 | 198,624 | 53,224 |
| 78,100 | 78,087 | (13) |
| 300,000 | 300,000 | |
| 161,300 | 155,270 | (6,030) |
| 2,982,000 | 2,818,147 | (163,853) |
| 1,792,010 | 1,017,721 | 774,289 |
| 778,900 | 614,800 | 164,100 |
| 1,433,069 | 598,822 | 834,247 |
| 2,129,429 | 1,627,243 | 502,186 |
| 47,300 | 47,093 | 207 |
| 6,180,709 | 3,905,679 | 2,275,030 |
| (3,198,709) | (1,087,532) | 2,111,177 |
| (288,000) | (288,000) | |
| 2,823,000 | 2,823,000 | |
| 221,300 | 221,243 | (57) |
| 535,900 | 633,232 | 97,332 |
| 3,292,200 | 3,389,475 | 97,275 |
| 93,491 | 2,301,943 | 2,208,452 |
| 6,992,404 | 6,992,404 | |
| $ 7,085,895 | $ 9,294,347 | $ 2,208,452 |

(concluded)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Revised Budget | Actual Budget Basis | Variance |
|---|---|---|---|
| REVENUES | | | |
| Property taxes | $ 4,286,100 | $ 4,427,203 | $ 141,103 |
| Charges for services | 1,181,000 | 1,304,338 | 123,338 |
| Investment income | 600,000 | 600,000 | |
| Total revenues | 6,067,100 | 6,331,541 | 264,441 |
| EXPENDITURES | | | |
| Principal retirement | 4,120,000 | 4,120,000 | |
| Interest and fiscal agent charges | 2,049,600 | 2,038,243 | 11,357 |
| Issuance costs | 90,400 | 20,154 | 70,246 |
| Total expenditures | 6,260,000 | 6,178,397 | 81,603 |
| Excess of revenues over expenditures | (192,900) | 153,144 | 346,044 |
| OTHER FINANCING SOURCES (USES) | | | |
| Refunding bonds issued | 2,895,000 | 2,895,000 | |
| Premium on refunding bonds issued | 441,100 | 441,070 | (30) |
| Payment to refund bond escrow agent | (3,291,000) | (3,290,921) | 79 |
| Total other financing sources | 45,100 | 45,149 | 49 |
| Net change in fund balances | (147,800) | 198,293 | 346,093 |
| Fund balances--beginning | 2,799,117 | 2,799,117 | |
| Fund balances--ending | $ 2,651,317 | $ 2,997,410 | $ 346,093 |

# COMBINING FINANCIAL STATEMENTS

## INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Fleet & Facilities Management Fund - to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund - to account for the City's workers' compensation self-insurance program.

Health Claims Fund – to account for the City's group health self-insurance program for employees, retirees, and their immediate families.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020

| | Fleet & Facilities Management | Workers' Compensation | Health Claims | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash, cash equivalents, and investments | $ 1,313,066 | $ 1,121,864 | $ 1,675,591 | $ 4,110,521 |
| Receivables (net of allowance for uncollectibles) | | 8,195 | | 8,195 |
| Inventories | 22,713 | | | 22,713 |
| Prepaid items | 5,250 | | | 5,250 |
| Deposits | | 35,000 | | 35,000 |
| Total current assets | 1,341,029 | 1,165,059 | 1,675,591 | 4,181,679 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Nondepreciable | 8,170 | | | 8,170 |
| Depreciable, net of accumulated depreciation | 7,972,090 | | | 7,972,090 |
| Total noncurrent assets | 7,980,260 | | | 7,980,260 |
| Total assets | 9,321,289 | 1,165,059 | 1,675,591 | 12,161,939 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows from pension | 139,077 | | | 139,077 |
| Deferred outflows from OPEB | 41,532 | | | 41,532 |
| Total deferred outflows of resources | 180,609 | | | 180,609 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and other accrued liabilities | 197,654 | 16,837 | 114,949 | 329,440 |
| Compensated absences | 16,276 | | | 16,276 |
| Claims payable | | 105,157 | 439,848 | 545,005 |
| Total current liabilities | 213,930 | 121,994 | 554,797 | 890,721 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 90,114 | | | 90,114 |
| Claims payable | | 86,038 | | 86,038 |
| Net pension liability | 726,752 | | | 726,752 |
| Total OPEB liability | 262,011 | | | 262,011 |
| Total noncurrent liabilities | 1,078,877 | 86,038 | | 1,164,915 |
| Total liabilities | 1,292,807 | 208,032 | 554,797 | 2,055,636 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from pension | 213,991 | | | 213,991 |
| Deferred inflows from OPEB | 7,973 | | | 7,973 |
| Total deferred inflows of resources | 221,964 | | | 221,964 |
| NET POSITION | | | | |
| Net investment in capital assets | 7,980,260 | | | 7,980,260 |
| Unrestricted | 6,867 | 957,027 | 1,120,794 | 2,084,688 |
| Total net position | $ 7,987,127 | $ 957,027 | $ 1,120,794 | $ 10,064,948 |

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Fleet & Facilities Management | Workers' Compensation | Health Claims | Total |
|---|---|---|---|---|
| Operating revenues | | | | |
| Charges for services | $ 4,840,352 | $ | $ | $ 4,840,352 |
| Contributions and miscellaneous | 1,732 | 376,895 | 4,313,044 | 4,691,671 |
| Total operating revenues | 4,842,084 | 376,895 | 4,313,044 | 9,532,023 |
| Operating expenses | | | | |
| Personal services | 1,191,079 | | | 1,191,079 |
| Materials and supplies | 1,822,971 | | | 1,822,971 |
| Maintenance and utilities | 1,839,021 | | | 1,839,021 |
| Insurance claims and expenses | | 61,865 | 4,057,441 | 4,119,306 |
| Depreciation | 105,973 | | | 105,973 |
| Total operating expenses | 4,959,044 | 61,865 | 4,057,441 | 9,078,350 |
| Operating income (loss) before transfers | (116,960) | 315,030 | 255,603 | 453,673 |
| Transfers in | 7,872,617 | | | 7,872,617 |
| Change in net position | 7,755,657 | 315,030 | 255,603 | 8,326,290 |
| Net position--beginning | 231,470 | 641,997 | 865,191 | 1,738,658 |
| Net position--ending | $ 7,987,127 | $ 957,027 | $ 1,120,794 | $ 10,064,948 |

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Fleet & Facilities Management | Workers' Compensation | Health Claims | Total |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from interfund services provided | $ 4,842,084 | $ 368,700 | $ 4,360,560 | $ 9,571,344 |
| Payments to suppliers | (3,807,064) | | | (3,807,064) |
| Payments to employees | (1,133,338) | | | (1,133,338) |
| Payments for claims | | (215,206) | (4,008,467) | (4,223,673) |
| Net cash provided by (used for) operating activities | (98,318) | 153,494 | 352,093 | 407,269 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES ACTIVITIES | | | | |
| Acquisition and construction of capital assets | 3,458 | | | 3,458 |
| Net cash used for capital and related financing activities | 3,458 | | | 3,458 |
| Net increase (decrease) in cash and cash equivalents | (94,860) | 153,494 | 352,093 | 410,727 |
| Cash and cash equivalents - beginning of year | 1,407,926 | 968,370 | 1,323,498 | 3,699,794 |
| Cash and cash equivalents - end of year | $ 1,313,066 | $ 1,121,864 | $ 1,675,591 | $ 4,110,521 |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Contributed capital assets | $ 7,872,617 | $ | $ | $ 7,872,617 |
| | $ 7,872,617 | $ | $ | $ 7,872,617 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | $ (116,960) | $ 315,030 | $ 255,603 | $ 453,673 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | |
| Depreciation | 105,973 | | | 105,973 |
| Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | | |
| (Increase) decrease in receivables | | (8,195) | 47,516 | 39,321 |
| Decrease in inventories | 12,216 | | | 12,216 |
| Increase in prepaid items | (375) | | | (375) |
| Decrease in deferred outflows of resources | 319,054 | | | 319,054 |
| Increase (decrease) in accrued liabilities | (130,269) | 9,453 | (6,160) | (126,976) |
| Increase (decrease) in claims payable | | (162,794) | 55,134 | (107,660) |
| Decrease in net pension liability | (507,132) | | | (507,132) |
| Increase in total OPEB liability | 13,546 | | | 13,546 |
| Decrease in accrued compensated absences | (6,031) | | | (6,031) |
| Increase in deferred inflows of resources | 211,660 | | | 211,660 |
| Net cash provided by (used for) operating activities | $ (98,318) | $ 153,494 | $ 352,093 | $ 407,269 |

# STATISTICAL SECTION
(Unaudited)

The City of Farmers Branch's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.


| | | Page |
|---|---|---|
| Financial Trends | These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. | 76 – 83 |
| Revenue Capacity | These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | 84 – 91 |
| Debt Capacity | These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | 92 – 94 |
| Demographic & Economic Indicators | These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | 95 – 96 |
| Operating Information | These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | 97 – 102 |
| Other Information | This schedule offers additional analysis regarding rapidly growing expenses or areas of financial concern that are of interest to the users of the financial statements. | 103 |


Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF FARMERS BRANCH, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2011 (1) | 2012 | 2013 | 2014 | 2015 (2) |
| Governmental activities: | | | | | |
| Net investment in capital assets | $ 102,606,658 | $ 101,949,868 | $ 100,736,048 | $ 97,650,889 | $ 98,590,058 |
| Restricted | 3,717,854 | 3,451,946 | 3,593,339 | 4,792,147 | 6,147,754 |
| Unrestricted | (11,993,823) | (14,520,916) | (16,136,740) | (16,653,141) | (31,206,669) |
| Total governmental activities net position | $ 94,330,689 | $ 90,880,898 | $ 88,192,647 | $ 85,789,895 | $ 73,531,143 |
| Business-type activities: | | | | | |
| Net investment in capital assets | $ 40,934,305 | $ 40,608,870 | $ 40,637,368 | $ 40,410,276 | $ 42,443,950 |
| Unrestricted | 15,810,965 | 15,129,064 | 13,945,376 | 11,487,795 | 9,076,311 |
| Total business-type activities net position | $ 56,745,270 | $ 55,737,934 | $ 54,582,744 | $ 51,898,071 | $ 51,520,261 |
| Primary government: | | | | | |
| Net investment in capital assets | $ 143,540,963 | $ 142,558,738 | $ 141,373,416 | $ 138,061,165 | $ 141,034,008 |
| Restricted | 3,717,854 | 3,451,946 | 3,593,339 | 4,792,147 | 6,147,754 |
| Unrestricted | 3,817,142 | 608,148 | (2,191,364) | (5,165,346) | (22,130,358) |
| Total primary government net position | $ 151,075,959 | $ 146,618,832 | $ 142,775,391 | $ 137,687,966 | $ 125,051,404 |

Notes:
(1) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for issuance costs.

(2) The fiscal year 2015 governmental activities were restated with implementation of GASB Statements 68 & 71 to record a beginning net pension liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(3) The fiscal year 2018 governmental activities were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2016 | 2017 | 2018 (3) | 2019 | 2020 |
| $ 98,496,787 | $ 102,598,166 | $ 111,614,735 | $ 120,256,477 | $ 140,767,184 |
| 7,152,723 | 5,347,455 | 5,004,542 | 8,793,762 | 9,407,269 |
| (32,114,251) | (24,589,681) | (23,365,364) | (20,684,259) | (11,806,042) |
| $ 73,535,259 | $ 83,355,940 | $ 93,253,913 | $ 108,365,980 | $ 138,368,411 |
| $ 41,529,619 | $ 40,158,599 | $ 44,369,653 | $ 50,795,139 | $ 52,383,379 |
| 10,471,923 | 12,805,807 | 15,252,063 | 18,940,131 | 18,701,549 |
| $ 52,001,542 | $ 52,964,406 | $ 59,621,716 | $ 69,735,270 | $ 71,084,928 |
| $ 140,026,406 | $ 142,756,765 | $ 155,984,388 | $ 171,051,616 | $ 193,150,563 |
| 7,152,723 | 5,347,455 | 5,004,542 | 8,793,762 | 9,407,269 |
| (21,642,328) | (11,783,874) | (8,113,301) | (1,744,128) | 6,895,507 |
| $ 125,536,801 | $ 136,320,346 | $ 152,875,629 | $ 178,101,250 | $ 209,453,339 |

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2011 (1) | 2012 | 2013 | 2014 | 2015 (2) | 2016 |
| **Expenses** | | | | | | |
| Governmental activities: | | | | | | |
| General government | $ 11,808,807 | $ 11,884,776 | $ 10,914,452 | $ 13,133,503 | $ 12,623,901 | $ 14,578,536 |
| Public safety | 22,439,143 | 21,414,818 | 22,772,965 | 22,147,916 | 22,025,873 | 25,223,791 |
| Public works | 8,562,557 | 8,509,565 | 8,875,224 | 11,683,321 | 9,414,374 | 9,262,380 |
| Culture and recreation | 12,824,261 | 12,866,193 | 12,739,313 | 11,820,723 | 12,588,417 | 14,084,036 |
| Interest on long-term debt | 1,821,645 | 1,775,374 | 1,887,714 | 2,141,082 | 2,344,088 | 2,359,900 |
| Unallocated depreciation | 126,464 | 605,266 | 126,464 | 126,464 | 126,464 | 273,962 |
| Total governmental activities expenses | 57,582,877 | 57,055,992 | 57,316,132 | 61,053,009 | 59,123,117 | 65,782,605 |
| Business-type activities: | | | | | | |
| Water and sewer | 11,937,355 | 11,712,523 | 12,249,982 | 12,393,782 | 13,095,850 | 15,187,138 |
| Public improvement district | | | | | 570,356 | 274,895 |
| Total business-type activities expenses | 11,937,355 | 11,712,523 | 12,249,982 | 12,393,782 | 13,666,206 | 15,462,033 |
| Total primary government expenses | $ 69,520,232 | $ 68,768,515 | $ 69,566,114 | $ 73,446,791 | $ 72,789,323 | $ 81,244,638 |
| **Program Revenues** | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services | | | | | | |
| Public safety | $ 4,241,073 | $ 3,989,457 | $ 4,283,496 | $ 4,379,539 | $ 4,441,054 | $ 4,694,946 |
| Public works | 2,726,198 | 2,308,598 | 2,254,323 | 2,279,435 | 2,287,633 | 2,481,706 |
| Other | 2,109,977 | 2,356,793 | 2,386,019 | 2,081,908 | 3,346,842 | 2,952,599 |
| Operating grants and contributions | 151,228 | 310,341 | 781,993 | 552,131 | 335,647 | 349,473 |
| Capital grants and contributions | 720,581 | 709,138 | 303,998 | 98,600 | 401,271 | 253,844 |
| Total governmental activities program revenues | 9,949,057 | 9,674,327 | 10,009,829 | 9,391,613 | 10,812,447 | 10,732,568 |
| Business-type activities: | | | | | | |
| Charges for services | 14,737,572 | 14,059,819 | 14,194,339 | 14,576,404 | 17,746,563 | 20,083,136 |
| Capital grants and contributions | | | | 290,890 | 3,800 | |
| Total business-type activities program revenues | 14,737,572 | 14,059,819 | 14,194,339 | 14,867,294 | 17,750,363 | 20,083,136 |
| Total primary government program revenues | $ 24,686,629 | $ 23,734,146 | $ 24,204,168 | $ 24,258,907 | $ 28,562,810 | $ 30,815,704 |
| **Net (Expense)/Revenue** | | | | | | |
| Governmental activities | $ (47,633,820) | $ (47,381,665) | $ (47,306,303) | $ (51,661,396) | $ (48,310,670) | $ (55,050,037) |
| Business-type activities | 2,800,217 | 2,347,296 | 1,944,357 | 2,473,512 | 4,084,157 | 4,621,103 |
| Total primary government net expense | $ (44,833,603) | $ (45,034,369) | $ (45,361,946) | $ (49,187,884) | $ (44,226,513) | $ (50,428,934) |
| **General Revenues and Other Changes in Net Position** | | | | | | |
| Governmental activities: | | | | | | |
| Taxes | | | | | | |
| Property taxes, levied for general purposes | $ 18,109,178 | $ 17,284,378 | $ 17,707,657 | $ 18,886,710 | $ 20,727,595 | $ 22,191,443 |
| Property taxes, levied for debt service | 1,474,045 | 1,506,258 | 1,284,446 | 2,075,008 | 3,903,953 | 3,926,612 |
| Sales and use taxes | 11,988,696 | 12,750,809 | 13,689,917 | 13,430,485 | 13,363,544 | 13,639,841 |
| Other taxes | 8,050,487 | 7,123,827 | 7,471,449 | 7,724,433 | 8,508,637 | 9,457,598 |
| Investment income | 1,379,360 | 1,341,782 | 1,386,221 | 1,872,535 | 1,591,991 | 1,664,659 |
| Gain on extinguishment of debt | | | | | | |
| Gain on sale/retirement of capital assets and insurance recoveries | 56,546 | 536,320 | 4,862 | 36,873 | 124,938 | |
| Transfers | 4,211,400 | 3,388,500 | 3,073,500 | 5,232,600 | 3,469,420 | 4,174,000 |
| Total governmental activities | 45,269,712 | 43,931,874 | 44,618,052 | 49,258,644 | 51,690,078 | 55,054,153 |
| Business-type activities: | | | | | | |
| Investment income | 55,111 | 33,868 | 20,563 | 17,915 | 21,560 | 34,178 |
| Gain on sale/retirement of capital assets | | | (46,610) | 56,500 | | |
| Transfers | (4,211,400) | (3,388,500) | (3,073,500) | (5,232,600) | (3,469,420) | (4,174,000) |
| Total business-type activities | (4,156,289) | (3,354,632) | (3,099,547) | (5,158,185) | (3,447,860) | (4,139,822) |
| Total primary government | $ 41,113,423 | $ 40,577,242 | $ 41,518,505 | $ 44,100,459 | $ 48,242,218 | $ 50,914,331 |
| **Change in Net Position** | | | | | | |
| Governmental activities | $ (2,364,108) | $ (3,449,791) | $ (2,688,251) | $ (2,402,752) | $ 3,379,408 | $ 4,116 |
| Business-type activities | (1,356,072) | (1,007,336) | (1,155,190) | (2,684,673) | 636,297 | 481,281 |
| Total primary government | $ (3,720,180) | $ (4,457,127) | $ (3,843,441) | $ (5,087,425) | $ 4,015,705 | $ 485,397 |

Notes:

(1) The fiscal year 2011 governmental activities were restated with implementation of GASB Statement 65 and elimination of deferred charges for issuance costs.

(2) The fiscal year 2015 governmental activities were restated with implementation of GASB 68 & 71 to record a beginning net pension liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

(3) The fiscal year 2018 governmental activities were restated with implementation of GASB 75 to record a beginning net OPEB liaibilty and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

| Fiscal Year | | | |
|---|---|---|---|
| 2017 | 2018 (3) | 2019 | 2020 |
| | | | |
| $ 16,573,789 | $ 16,174,829 | $ 19,575,431 | $ 21,181,076 |
| 26,982,151 | 25,966,603 | 29,155,722 | 29,902,691 |
| 304,447 | 12,433,845 | 13,841,348 | 12,899,719 |
| 14,415,728 | 13,864,483 | 15,349,830 | 14,243,692 |
| 2,217,026 | 2,812,608 | 3,474,315 | 1,823,611 |
| 277,305 | 272,867 | 246,659 | 185,799 |
| 60,770,446 | 71,525,235 | 81,643,305 | 80,236,588 |
| | | | |
| 16,086,557 | 17,132,596 | 16,513,832 | 16,026,496 |
| 647,624 | 284,185 | 1,509,879 | 1,693,104 |
| 16,734,181 | 17,416,781 | 18,023,711 | 17,719,600 |
| $ 77,504,627 | $ 88,942,016 | $ 99,667,016 | $ 97,956,188 |
| | | | |
| $ 4,734,932 | $ 4,254,309 | $ 4,659,728 | $ 3,453,793 |
| 2,651,878 | 3,342,887 | 6,672,289 | 5,658,875 |
| 3,581,692 | 6,900,369 | 5,615,232 | 4,002,289 |
| 600,602 | 719,367 | 516,444 | 2,177,925 |
| 560,197 | 6,471,947 | 10,004,978 | 5,920,245 |
| 12,129,301 | 21,688,879 | 27,468,671 | 21,213,127 |
| | | | |
| 21,271,417 | 25,155,472 | 25,734,892 | 28,029,705 |
| | 3,368,829 | 4,365,188 | 2,716,505 |
| 21,271,417 | 28,524,301 | 30,100,080 | 30,746,210 |
| $ 33,400,718 | $ 50,213,180 | $ 57,568,751 | $ 51,959,337 |
| | | | |
| $ (48,641,145) | $ (49,836,356) | $ (54,174,634) | $ (59,023,461) |
| 4,537,236 | 11,107,520 | 12,076,369 | 13,026,610 |
| $ (44,103,909) | $ (38,728,836) | $ (42,098,265) | $ (45,996,851) |
| | | | |
| $ 24,509,410 | $ 25,617,820 | $ 27,431,177 | $ 30,636,546 |
| 4,291,764 | 4,309,918 | 4,584,944 | 4,443,207 |
| 13,936,336 | 14,618,441 | 17,410,323 | 17,164,707 |
| 10,600,730 | 12,032,639 | 14,617,755 | 10,181,063 |
| 1,447,475 | 1,787,154 | 2,935,658 | 2,393,143 |
| | | | 9,979,973 |
| 59,927 | 17,136 | 35,918 | 2,280,136 |
| 3,616,184 | 4,227,900 | 2,270,926 | 11,947,117 |
| 58,461,826 | 62,611,008 | 69,286,701 | 89,025,892 |
| | | | |
| 41,812 | 103,609 | 308,111 | 270,165 |
| | | | |
| (3,616,184) | (4,227,900) | (2,270,926) | (11,947,117) |
| (3,574,372) | (4,124,291) | (1,962,815) | (11,676,952) |
| $ 54,887,454 | $ 58,486,717 | $ 67,323,886 | $ 77,348,940 |
| | | | |
| $ 9,820,681 | $ 12,774,652 | $ 15,112,067 | $ 30,002,431 |
| 962,864 | 6,983,229 | 10,113,554 | 1,349,658 |
| $ 10,783,545 | $ 19,757,881 | $ 25,225,621 | $ 31,352,089 |

CITY OF FARMERS BRANCH, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | | |
| Nonspendable | $ 50,752 | $ 68,355 | $ 53,954 | $ 69,257 | $ 132,756 | $ 448,649 |
| Assigned | 2,314,053 | 2,901,641 | 3,011,161 | 3,731,449 | 4,676,363 | 4,182,793 |
| Unassigned | 9,280,794 | 8,629,830 | 8,942,763 | 7,538,450 | 7,907,059 | 8,257,163 |
| Total general fund | $ 11,645,599 | $ 11,599,826 | $ 12,007,878 | $ 11,339,156 | $ 12,716,178 | $ 12,888,605 |
| All Other Governmental Funds | | | | | | |
| Nonspendable | $ 212,669 | $ 5,518 | $ 5,625 | $ 5,703 | $ 5,647 | $ 1,178,410 |
| Restricted | 16,893,106 | 13,893,159 | 22,579,131 | 33,062,581 | 22,883,726 | 19,182,416 |
| Assigned | 1,953,244 | 538,109 | 442,101 | 510,988 | 990,659 | 1,842,960 |
| Unassigned | (77,942) | | | | | |
| Total all other governmental funds | $ 18,981,077 | $ 14,436,786 | $ 23,026,857 | $ 33,579,272 | $ 23,880,032 | $ 22,203,786 |

| Fiscal Year | | | |
|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 |
| $ 517,318 | $ 410,007 | $ 2,737,891 | $ 3,548,208 |
| 3,629,261 | 5,244,119 | 3,126,224 | 3,307,524 |
| 10,183,899 | 14,421,939 | 17,828,976 | 16,720,978 |
| $ 14,330,478 | $ 20,076,065 | $ 23,693,091 | $ 23,576,710 |
| $ 813 | $ 24,488 | $ 938 | $ 704,863 |
| 15,144,319 | 33,841,817 | 27,285,503 | 31,040,799 |
| 2,398,480 | 3,250,792 | 3,370,932 | 4,929,935 |
| $ 17,543,612 | $ 37,117,097 | $ 30,657,373 | $ 36,675,597 |

CITY OF FARMERS BRANCH, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| REVENUES | | | | | | |
| Property taxes | $ 19,638,998 | $ 18,743,734 | $ 19,200,726 | $ 21,083,842 | $ 24,536,084 | $ 26,330,398 |
| Sales and use taxes | 11,988,696 | 12,750,809 | 13,689,917 | 13,430,485 | 13,363,544 | 13,639,841 |
| Hotel/motel taxes | 2,017,819 | 1,932,530 | 2,253,459 | 2,396,399 | 2,728,631 | 2,959,667 |
| Franchise taxes | 4,628,888 | 4,224,443 | 4,419,509 | 4,495,241 | 4,411,259 | 4,309,598 |
| Tax increment financing | 1,879,338 | 868,477 | 910,899 | 1,007,993 | 1,289,826 | 2,236,280 |
| Licenses and permits | 886,511 | 1,012,913 | 1,015,017 | 930,443 | 1,680,095 | 1,427,801 |
| Charges for services | 4,780,573 | 4,624,287 | 4,539,757 | 4,522,186 | 5,001,160 | 5,407,761 |
| Fines and forfeitures | 3,114,924 | 2,855,363 | 3,070,412 | 3,090,300 | 3,034,885 | 3,125,094 |
| Special assessments | 14,096 | 42,676 | 9,806 | 7,585 | 4,496 | 1,152 |
| Investment income | 1,381,715 | 1,320,647 | 1,342,026 | 1,360,409 | 1,591,991 | 1,651,645 |
| Intergovernmental | 775,339 | 691,339 | 569,703 | 569,418 | 584,312 | 503,153 |
| Miscellaneous | 339,621 | 438,008 | 640,342 | 171,238 | 279,221 | 194,356 |
| Total revenues | 51,446,518 | 49,505,226 | 51,661,573 | 53,065,539 | 58,505,504 | 61,786,746 |
| EXPENDITURES | | | | | | |
| General government | 9,710,233 | 11,405,984 | 11,098,357 | 12,996,563 | 12,880,704 | 13,447,135 |
| Public safety | 20,706,962 | 21,217,452 | 22,389,057 | 22,655,239 | 23,117,436 | 24,353,622 |
| Public works | 6,424,763 | 6,132,641 | 6,286,480 | 7,204,534 | 7,145,553 | 7,378,781 |
| Culture and recreation | 11,875,903 | 11,951,546 | 12,111,397 | 11,092,198 | 11,746,205 | 12,923,543 |
| Debt service: | | | | | | |
| Principal retirement | 3,600,000 | 3,720,000 | 2,000,000 | 2,596,859 | 3,450,000 | 3,930,000 |
| Interest and fiscal agent charges | 1,212,169 | 773,819 | 752,555 | 997,079 | 1,531,742 | 1,437,739 |
| Issuance costs | 5,553 | 108,637 | 182,333 | 223,842 | | 96,628 |
| Loss due to decline in market value | 292,511 | 134,227 | | | | |
| Capital outlay | 3,499,651 | 3,712,822 | 1,862,907 | 7,496,911 | 11,716,646 | 7,269,438 |
| Total expenditures | 57,327,745 | 59,157,128 | 56,683,086 | 65,263,225 | 71,588,286 | 70,836,886 |
| Deficiency of revenues under expenditures | (5,881,227) | (9,651,902) | (5,021,513) | (12,197,686) | (13,082,782) | (9,050,140) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 8,547,367 | 5,007,593 | 4,837,912 | 8,517,400 | 6,528,075 | 7,860,588 |
| Transfers out | (4,335,967) | (1,619,093) | (1,764,412) | (3,284,800) | (2,477,275) | (3,095,788) |
| Certificates of obligation issued | | | | | | 2,545,000 |
| General obligation refunding and improvement bonds issued | | 7,035,000 | 9,500,000 | 15,810,000 | | |
| Premiums on debt issued | | 19,057 | 648,755 | 924,244 | | 149,083 |
| Payment to refunded bond escrow agent | | (6,950,250) | | | | |
| Sale of capital assets/insurance recoveries | 491,084 | 1,569,531 | 797,381 | 114,535 | 709,764 | 87,438 |
| Total other financing sources | 4,702,484 | 5,061,838 | 14,019,636 | 22,081,379 | 4,760,564 | 7,546,321 |
| Net change in fund balances | (1,178,743) | (4,590,064) | 8,998,123 | 9,883,693 | (8,322,218) | (1,503,819) |
| Debt service as a percentage of noncapital expenditures | 8.85% | 8.28% | 5.19% | 6.09% | 8.29% | 8.65% |

| Fiscal Year | | | |
|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 |
| $ 28,416,586 | $ 30,016,868 | $ 31,975,934 | $ 34,907,228 |
| 13,936,336 | 14,618,441 | 17,410,323 | 17,164,707 |
| 2,892,655 | 2,849,666 | 3,115,374 | 1,794,067 |
| 4,255,212 | 4,207,394 | 4,132,975 | 3,939,882 |
| 3,481,586 | 4,949,033 | 7,351,606 | 4,513,776 |
| 2,024,453 | 5,016,007 | 3,712,038 | 2,883,283 |
| 5,487,380 | 6,280,213 | 8,710,341 | 8,432,009 |
| 3,176,432 | 2,737,338 | 2,787,243 | 1,709,922 |
| | 276 | 829 | |
| 1,447,475 | 1,787,154 | 2,935,658 | 2,393,143 |
| 676,535 | 327,232 | 510,454 | 2,482,704 |
| 744,394 | 623,672 | 1,116,009 | 546,467 |
| 66,539,044 | 73,413,294 | 83,758,784 | 80,767,188 |
| 14,173,367 | 13,541,524 | 15,695,223 | 20,340,488 |
| 25,600,823 | 25,364,483 | 26,304,729 | 29,457,949 |
| 8,458,117 | 9,298,814 | 9,833,782 | 10,230,771 |
| 12,997,256 | 13,029,696 | 13,993,554 | 12,902,268 |
| 4,605,000 | 5,481,000 | 6,081,028 | 4,120,000 |
| 1,380,656 | 1,256,017 | 3,060,568 | 4,597,248 |
| | 429,311 | | 177,131 |
| 7,588,292 | 10,955,111 | 16,611,491 | 10,554,026 |
| 74,803,511 | 79,355,956 | 91,580,375 | 92,379,881 |
| (8,264,467) | (5,942,662) | (7,821,591) | (11,612,693) |
| 9,715,107 | 7,827,000 | 6,814,947 | 8,238,200 |
| (4,984,107) | (3,129,100) | (3,673,047) | (4,163,700) |
| | 10,515,000 | | |
| | 13,540,000 | | 12,305,000 |
| | 1,337,311 | | 1,178,547 |
| | | | (3,290,921) |
| 315,166 | 1,171,523 | 1,836,993 | 3,247,410 |
| 5,046,166 | 31,261,734 | 4,978,893 | 17,514,536 |
| (3,218,301) | 25,319,072 | (2,842,698) | 5,901,843 |
| 8.97% | 9.90% | 11.87% | 11.08% |

CITY OF FARMERS BRANCH, TEXAS

ESTIMATED ACTUAL AND ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | RESIDENTIAL PROPERTY | | | COMMERCIAL PROPERTY | | |
|---|---|---|---|---|---|---|
| | ESTIMATED ACTUAL VALUE | LESS: TAX EXEMPTIONS | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | LESS: TAX EXEMPTIONS | ASSESSED VALUE |
| 2011 | $ 1,202,295,560 | $ 352,180,154 | $ 850,115,406 | $ 2,506,603,830 | $ 527,024,423 | $ 1,979,579,407 |
| 2012 | 1,168,520,280 | 346,341,819 | 822,178,461 | 2,404,857,560 | 479,255,392 | 1,925,602,168 |
| 2013 | 1,161,499,680 | 341,105,378 | 820,394,302 | 2,426,759,830 | 480,107,916 | 1,946,651,914 |
| 2014 | 1,172,509,100 | 339,997,399 | 832,511,701 | 2,500,245,200 | 425,834,837 | 2,074,410,363 |
| 2015 | 1,219,899,590 | 348,502,483 | 871,397,107 | 2,811,101,750 | 491,719,476 | 2,319,382,274 |
| 2016 | 1,282,165,920 | 358,024,345 | 924,141,575 | 3,043,315,820 | 498,804,477 | 2,544,511,343 |
| 2017 | 1,406,460,670 | 393,903,858 | 1,012,556,812 | 3,281,998,130 | 528,879,342 | 2,753,118,788 |
| 2018 | 1,552,573,710 | 442,604,793 | 1,109,968,917 | 3,423,020,660 | 512,810,029 | 2,910,210,631 |
| 2019 | 1,798,603,280 | 525,012,568 | 1,273,590,712 | 3,677,741,270 | 485,632,657 | 3,192,108,613 |
| 2020 | 2,008,956,470 | 551,238,764 | 1,457,717,706 | 4,103,048,110 | 521,046,781 | 3,582,001,329 |

Source: Dallas Central Appraisal District

Note: Property in the city is reassessed at least every three years. Property is assessed at actual value; therefore, the assessed values are equal to actual value less exemptions. Tax rates are per $100 of assessed value.

| BUSINESS-PERSONAL PROPERTY | | | TOTAL | | | |
|---|---|---|---|---|---|---|
| ESTIMATED ACTUAL VALUE | LESS: TAX EXEMPTIONS | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | LESS: TAX EXEMPTIONS | ASSESSED VALUE | TOTAL DIRECT TAX RATE |
| $ 1,229,699,030 | $ 289,896,502 | $ 939,802,528 | $ 4,938,598,420 | $ 1,169,101,079 | $ 3,769,497,341 | $ 0.5295 |
| 1,066,425,480 | 182,416,255 | 884,009,225 | 4,639,803,320 | 1,008,013,466 | 3,631,789,854 | 0.5295 |
| 1,101,684,660 | 180,498,255 | 921,186,405 | 4,689,944,170 | 1,001,711,549 | 3,688,232,621 | 0.5295 |
| 1,151,040,340 | 212,570,787 | 938,469,553 | 4,823,794,640 | 978,403,023 | 3,845,391,617 | 0.5531 |
| 1,275,747,640 | 250,286,356 | 1,025,461,284 | 5,306,748,980 | 1,090,508,315 | 4,216,240,665 | 0.6023 |
| 1,454,961,470 | 384,016,188 | 1,070,945,282 | 5,780,443,210 | 1,240,845,010 | 4,539,598,200 | 0.6023 |
| 1,361,283,370 | 274,149,744 | 1,087,133,626 | 6,049,742,170 | 1,196,932,944 | 4,852,809,226 | 0.6023 |
| 1,305,089,180 | 223,283,131 | 1,081,806,049 | 6,280,683,550 | 1,178,697,953 | 5,101,985,597 | 0.6023 |
| 1,315,215,260 | 205,277,411 | 1,109,937,849 | 6,791,559,810 | 1,215,922,636 | 5,575,637,174 | 0.5995 |
| 1,366,077,570 | 192,257,572 | 1,173,819,998 | 7,478,082,150 | 1,264,543,117 | 6,213,539,033 | 0.5995 |

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED)

| | CITY DIRECT RATES | | | OVERLAPPING RATES (1) | | | | |
|---|---|---|---|---|---|---|---|---|
| FISCAL YEAR | BASIC RATE | GENERAL OBLIGATION DEBT SERVICE | TOTAL DIRECT (2) | CARROLLTON - FARMERS BRANCH I.S.D. | DALLAS I.S.D. | DALLAS COUNTY | DALLAS COUNTY HOSPITAL | DALLAS COUNTY COMMUNITY COLLEGE |
| 2011 | $ 0.4892 | $ 0.0403 | $ 0.5295 | $ 1.3469 | $ 1.2378 | $ 0.2531 | $ 0.2710 | $ 0.0992 |
| 2012 | 0.4873 | 0.0422 | 0.5295 | 1.3568 | 1.2903 | 0.2531 | 0.2710 | 0.0997 |
| 2013 | 0.4935 | 0.0360 | 0.5295 | 1.3306 | 1.2903 | 0.2530 | 0.2710 | 0.1194 |
| 2014 | 0.4987 | 0.0544 | 0.5531 | 1.3235 | 1.2821 | 0.2531 | 0.2760 | 0.1247 |
| 2015 | 0.5076 | 0.0947 | 0.6023 | 1.3033 | 1.2821 | 0.2531 | 0.2860 | 0.1248 |
| 2016 | 0.5139 | 0.0884 | 0.6023 | 1.2817 | 1.2821 | 0.2531 | 0.2860 | 0.1237 |
| 2017 | 0.5153 | 0.0870 | 0.6023 | 1.3917 | 1.2821 | 0.2524 | 0.2794 | 0.1229 |
| 2018 | 0.5177 | 0.0846 | 0.6023 | 1.3810 | 1.2821 | 0.2531 | 0.2794 | 0.1242 |
| 2019 | 0.5167 | 0.0828 | 0.5995 | 1.3700 | 1.4120 | 0.2531 | 0.2794 | 0.1240 |
| 2020 | 0.5273 | 0.0722 | 0.5995 | 1.2684 | 1.3104 | 0.2531 | 0.2695 | 0.1240 |

Source: Dallas Central Appraisal District

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Farmers Branch. Not all overlapping rates apply to all city property owners; for example, although the county property tax rates apply to all city property owners, the Dallas Independent School District (ISD) rates apply only to the approximately 29.3% of city property owners whose property is located within that district's geographic boundaries.

(2) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limits of State law, after which the city's residents may petition for a vote. Rates for debt service are set based on each year's debt requirements.

(3) Does not include Dallas ISD as school districts do not overlap each other.

TABLE 6

| TOTAL (3) |
|---|
| $ 2.4997 |
| 2.5101 |
| 2.5035 |
| 2.5304 |
| 2.5694 |
| 2.5467 |
| 2.6487 |
| 2.6400 |
| 2.6260 |
| 2.5145 |

CITY OF FARMERS BRANCH, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | FARMERS BRANCH | CARROLLTON-FARMERS BRANCH I.S.D. | DALLAS I.S.D. | DALLAS COUNTY |
|---|---|---|---|---|
| 2011 | $ 19,959,488 | $ 190,357,561 | $ 940,562,436 | $ 400,352,271 |
| 2012 | 19,230,327 | 188,452,360 | 963,386,876 | 393,607,404 |
| 2013 | 19,529,192 | 188,954,942 | 984,164,209 | 398,969,141 |
| 2014 | 21,268,861 | 198,050,007 | 1,026,191,861 | 415,485,244 |
| 2015 | 25,393,026 | 209,568,728 | 1,097,894,981 | 443,108,658 |
| 2016 | 27,340,502 | 218,964,725 | 1,185,157,319 | 476,309,394 |
| 2017 | 29,226,869 | 256,530,998 | 1,294,078,980 | 522,984,193 |
| 2018 | 30,727,576 | 274,637,780 | 1,390,841,756 | 561,435,880 |
| 2019 | 33,426,335 | 297,645,641 | 1,684,977,660 | 616,748,343 |
| 2020 | 37,250,601 | 290,346,785 | 1,681,891,083 | 662,939,267 |

Source: Dallas Central Appraisal District with exception of Carrollton-Farmers Branch I.S.D. In 2009, Carrollton-Farmers Branch I.S.D. began reporting their own values since the district spans multiple counties and appraisal districts began reporting only their portion of an entity's value if the entity overlaps jurisdictions.

TABLE 7

| DALLAS COUNTY HOSPITAL | DALLAS COUNTY COMMUNITY COLLEGE |
|---|---|
| $ 428,980,078 | $ 162,905,820 |
| 421,898,213 | 161,373,615 |
| 427,773,967 | 196,713,575 |
| 453,602,530 | 214,160,553 |
| 501,250,455 | 228,116,786 |
| 540,475,266 | 243,935,893 |
| 581,286,539 | 266,184,338 |
| 622,295,974 | 284,192,691 |
| 682,256,444 | 310,881,970 |
| 707,168,061 | 334,408,023 |

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

| | 2020 | | | 2011 | | |
|---|---|---|---|---|---|---|
| TAXPAYER | TAXABLE ASSESSED VALUE | RANK | PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (a) | TAXABLE ASSESSED VALUE | RANK | PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE (b) |
| Southern Glazers Wine and Spirits | $ 123,785,030 | 1 | 1.992% | 42,377,170 | 8 | 1.12% |
| Dallas International Parkway | 102,150,000 | 2 | 1.644% | | | |
| Royal Tx Partners LLC | 102,000,000 | 3 | 1.642% | | | |
| EOS Properties at Providence Towers | 91,595,000 | 4 | 1.474% | 59,250,000 | 5 | 1.57% |
| Garden Centura LP | 84,900,000 | 5 | 1.366% | 60,975,410 | 4 | 1.62% |
| Mercer Acquisition LLC | 79,700,000 | 6 | 1.283% | | | |
| 5005 LBJ Tower LLC | 77,872,530 | 7 | 1.253% | | | |
| Lakeview at Parkside | 71,625,000 | 8 | 1.153% | 36,600,000 | 9 | 0.97% |
| GPIF International Plaza III LLC | 62,450,000 | 9 | 1.005% | | | |
| Park West Holdco LLC | 58,600,000 | 10 | 0.943% | | | |
| TCI Park West Inc. | | | | 105,188,440 | 1 | 2.79% |
| AT&T Communications (formerly Southwestern Bell/Cingular) | | | | 77,467,110 | 2 | 2.06% |
| Occidental Tower Corporation | | | | 70,437,690 | 3 | 1.87% |
| 70 Washington Street LP | | | | 56,553,740 | 6 | 1.50% |
| Maxim | | | | 48,221,860 | 7 | 1.28% |
| Loadstar, Inc. | | | | 35,288,040 | 10 | 0.94% |
| | $ 854,677,560 | | 13.755% | $ 592,359,460 | | 15.71% |

Source: Dallas County, "City Report of Property Value," City of Farmers Branch

Notes:
(a) Total taxable value October 1, 2019 (2020 fiscal year) is $6,213,539,033.
(b) Total taxable value October 1, 2010 (2011 fiscal year) is $3,769,497,341.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | ACTUAL LEVY YEAR | ORIGINAL LEVY (1) | SUBSEQUENT ADJUSTMENTS | TOTAL LEVY | COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY | | COLLECTIONS/ (REFUNDS) IN SUBSEQUENT YEARS | TOTAL COLLECTIONS TO DATE | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | CURRENT TAX COLLECTIONS | PERCENT OF TOTAL LEVY COLLECTED | | TOTAL TAX COLLECTIONS | PERCENT OF TOTAL TAX COLLECTIONS TO TOTAL LEVY |
| 2011 | 2010 | $ 19,959,488 | $ (2,639) | $ 19,956,849 | $ 19,488,243 | 97.65% | $ 1,964 | $ 19,490,207 | 97.66% |
| 2012 | 2011 | 19,230,327 | (12,761) | 19,217,566 | 18,901,401 | 98.35% | 27,280 | 18,928,681 | 98.50% |
| 2013 | 2012 | 19,529,192 | (11,266) | 19,517,926 | 19,081,323 | 97.76% | 211,326 | 19,292,649 | 98.85% |
| 2014 | 2013 | 21,268,861 | (23,821) | 21,245,040 | 21,112,294 | 99.38% | 80,018 | 21,192,312 | 99.75% |
| 2015 | 2014 | 25,393,026 | (39,254) | 25,353,772 | 24,917,704 | 98.28% | 148,788 | 25,066,492 | 98.87% |
| 2016 | 2015 | 27,340,502 | (45,080) | 27,295,422 | 26,719,748 | 97.89% | 210,268 | 26,930,016 | 98.66% |
| 2017 | 2016 | 29,226,869 | (108,827) | 29,118,042 | 28,371,356 | 97.44% | 188,622 | 28,559,978 | 98.08% |
| 2018 | 2017 | 30,727,576 | (133,704) | 30,593,872 | 30,399,097 | 99.36% | (161,062) | 30,238,035 | 98.84% |
| 2019 | 2018 | 33,426,335 | (172,029) | 33,254,306 | 33,064,557 | 99.43% | (231,083) | 32,833,474 | 98.73% |
| 2020 | 2019 | 37,250,601 | | 37,250,601 | 36,897,441 | 99.05% | | 36,897,441 | 99.05% |

Source: Dallas County Tax Office

Notes:
(1) The original levy is as of July of the previous fiscal year and does not include any subsequent adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | GENERAL OBLIGATION BONDS | DEVELOPER ADVANCES | TOTAL OUTSTANDING DEBT | TAXABLE ASSESSED VALUE | PERCENTAGE OF TAXABLE ASSESSED VALUE | ESTIMATED POPULATION (1) | DEBT PER CAPITA |
|---|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | | |
| 2011 | $ 24,455,761 | $ 8,118,887 | $ 32,574,648 | $ 3,769,497,341 | 0.86% | 28,600 | $ 1,139 |
| 2012 | 21,289,001 | 7,868,887 | 29,157,888 | 3,631,789,854 | 0.80% | 28,620 | 1,019 |
| 2013 | 29,815,281 | 7,468,887 | 37,284,168 | 3,688,232,621 | 1.01% | 28,800 | 1,295 |
| 2014 | 44,365,676 | 7,007,028 | 51,372,704 | 3,845,391,617 | 1.34% | 29,660 | 1,732 |
| 2015 | 41,268,133 | 6,557,028 | 47,825,161 | 4,216,240,665 | 1.13% | 30,350 | 1,576 |
| 2016 | 40,762,188 | 5,727,028 | 46,489,216 | 4,539,598,200 | 1.02% | 30,480 | 1,525 |
| 2017 | 37,342,191 | 4,437,028 | 41,779,219 | 4,852,809,226 | 0.86% | 31,560 | 1,324 |
| 2018 | 59,135,530 | 2,401,028 | 61,536,558 | 5,101,985,597 | 1.21% | 31,590 | 1,948 |
| 2019 | 55,232,993 | | 55,232,993 | 5,575,637,174 | 0.99% | 31,780 | 1,738 |
| 2020 | 60,949,386 | | 60,949,386 | 6,213,539,033 | 0.98% | 41,848 | 1,456 |

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of 2020 which is based on the estimated US Census.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | GENERAL OBLIGATION BONDS | LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND | TOTAL | TAXABLE ASSESSED VALUE | PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY | ESTIMATED POPULATION (1) | PER CAPITA |
|---|---|---|---|---|---|---|---|
| 2011 | $ 24,455,761 | $ 1,906,300 | $ 22,549,461 | $ 3,769,497,341 | 0.60% | 28,600 | $ 788 |
| 2012 | 21,289,001 | 221,898 | 21,067,103 | 3,631,789,854 | 0.58% | 28,620 | 736 |
| 2013 | 29,815,281 | 243,741 | 29,571,540 | 3,688,232,621 | 0.80% | 28,800 | 1,027 |
| 2014 | 44,365,676 | 258,606 | 44,107,070 | 3,845,391,617 | 1.15% | 29,660 | 1,487 |
| 2015 | 41,268,133 | 232,113 | 41,036,020 | 4,216,240,665 | 0.97% | 30,350 | 1,352 |
| 2016 | 40,762,188 | 926,091 | 39,836,097 | 4,539,598,200 | 0.88% | 30,480 | 1,307 |
| 2017 | 37,342,191 | 488,376 | 36,853,815 | 4,852,809,226 | 0.76% | 31,560 | 1,168 |
| 2018 | 59,135,530 | 725,906 | 58,409,624 | 5,101,985,597 | 1.14% | 31,590 | 1,849 |
| 2019 | 55,232,993 | 2,799,117 | 52,433,876 | 5,575,637,174 | 0.94% | 31,780 | 1,650 |
| 2020 | 60,949,386 | 2,997,410 | 57,951,976 | 6,213,539,033 | 0.93% | 41,848 | 1,385 |

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2020
(UNAUDITED)

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE OVERLAPPING (1) | ESTIMATED SHARE OF OVERLAPPING DEBT |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Carrollton - Farmers Branch Independent School District | $ 198,810,000 | 16.65% | $ 33,101,865 |
| Dallas Independent School District | 3,110,910,000 | 1.72% | 53,507,652 |
| Dallas County Hospital District | 622,000,000 | 2.18% | 13,559,600 |
| Dallas County Community College District | 135,375,000 | 2.18% | 2,951,175 |
| Dallas County | 130,445,000 | 2.18% | 2,843,701 |
| Valwood Improvement Authority | 13,164,940 | 41.49% | 5,462,134 |
| Dallas County Schools | 27,204,352 | 2.18% | 593,055 |
| Subtotal, overlapping debt | 4,237,909,292 | | 112,019,182 |
| City direct debt (excludes premiums/discounts) (2) | 57,670,000 | 100.00% | 57,670,000 |
| Total direct and overlapping bonded debt | $ 4,295,579,292 | | $ 169,689,182 |
| Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value) | | 2.73% | |
| Per capita overlapping bonded debt | | $ 4,054.89 (3) | |

Source: Municipal Advisory Council of Texas

Notes:

(1) The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Carrollton/Farmers Branch ISD, Dallas ISD and Valwood Improvement Authority is calculated by the Dallas Central Appraisal District (DCAD) once every two years as these boundaries overlap within the City. (Source: Municipal Advisory Council of Texas)

(2) The City direct debt includes General Obligation Refunding Bonds, Taxable Series 2011, in the amount of $3,230,000, which are being paid from amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P. and Certificates of Obligation, Series 2018 related to the Camelot Landfill project, for $3,295,000, which are being paid from a sale of land and an increase in royalty revenue from the landfill. The City direct debt also includes bond premiums/discounts.

(3) Based on estimated US Census.

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | ESTIMATED POPULATION (1) | MEDIAN AGE (2) | PER CAPITA INCOME (2) | PERSONAL INCOME (3) | UNEMPLOYMENT RATE % (4) |
|---|---|---|---|---|---|
| 2011 | 28,600 | 36.2 | $ 28,715 | $ 821,249,000 | 7.7% |
| 2012 | 28,620 | 37.6 | 29,623 | 847,810,260 | 6.2% |
| 2013 | 28,800 | 35.9 | 27,545 | 793,296,000 | 5.8% |
| 2014 | 29,660 | 36.8 | 26,703 | 792,010,980 | 5.2% |
| 2015 | 30,350 | 36.1 | 29,573 | 897,540,550 | 3.6% |
| 2016 | 30,480 | 36.7 | 30,054 | 916,045,920 | 3.9% |
| 2017 | 31,560 | 35.9 | 31,053 | 980,032,680 | 3.6% |
| 2018 | 31,590 | 35.9 | 30,993 | 979,068,870 | 3.3% |
| 2019 | 31,780 | 36.4 | 33,214 | 1,055,540,920 | 3.1% |
| 2020 | 41,848 | 35.7 | 36,058 | 1,508,955,184 | 7.4% |

Sources/Notes:

(1) Population based on North Central Texas Council of Governments (NCTCOG) original population estimates, with the exception of Fiscal Year 2020 which is based on the estimated US Census.

(2) Median Age and Per Capita Income data provided by U.S. Census Bureau's American Community Survey - 5 Year Estimates.

(3) Personal Income is derived by multiplying per capita income by the estimated population.

(4) Unemployment Rate % provided by Bureau of Labor Statistics.

The following information is provided by the U.S. Census Bureau based on 2010 census information.

| | | | |
|---|---|---|---|
| Households: | 10,797 | Male: | 14,075 |
| Families: | 6,923 | Female: | 14,541 |

**Racial Breakdown**

| | |
|---|---|
| White | 21,017 |
| Black | 1,365 |
| American Indian | 206 |
| Asian or Pacific Islander | 1,261 |
| Other | 4,767 |

Source: U.S. Census Bureau

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

| | 2020 (1) | | | 2011 (1) | | |
|---|---|---|---|---|---|---|
| EMPLOYER | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT |
| Federal Government - Internal Revenue Service | 1,200 | 1 | 1.53% | 1,200 | 4 | 1.60% |
| Feizy | 1,170 | 2 | 1.49% | | | |
| Anserteam LLC | 1,001 | 3 | 1.28% | | | |
| Telvista | 1,000 | 4 | 1.28% | | | |
| TD Industries | 900 | 5 | 1.15% | 1,450 | 3 | 1.93% |
| Haggar Clothing Company | 750 | 6 | 0.96% | | | |
| IBM Corporation | 700 | 7 | 0.89% | | | |
| Moni Smart Security (aka Monitornics or Brinks Home Security) | 700 | 7 | 0.89% | 3,370 | 1 | 4.49% |
| Encore Enterprises, Inc. | 650 | 9 | 0.83% | | | |
| Glazer's Wholesale Drug Company | 650 | 9 | 0.83% | | | |
| JPMorgan Chase Investment Services | | | | 2,390 | 2 | 3.19% |
| GEICO | | | | 1,088 | 5 | 1.45% |
| Brookhaven College | | | | 620 | 6 | 0.83% |
| Iidon Security Associates | | | | 588 | 7 | 0.78% |
| Ameripath North Texas | | | | 581 | 8 | 0.77% |
| Stanley Works, Inc. | | | | 520 | 9 | 0.69% |
| Fannie Mae | | | | 500 | 10 | 0.67% |
| Texas Hospital for Advanced Medicine (previously RHD) | | | | 500 | 10 | 0.67% |
| | 8,721 | | 11.13% | 12,807 | | 17.07% |

Sources:

North Central Texas Council of Governments (NCTCOG) provides total employment estimates, which have a five-year lag. For 2020 estimated total employment is 78,393 and for 2011 estimated total employment was 75,013. (See NCTCOG 2030 Demographic Forecast and Demographic Data for Farmers Branch for further information.) The NCTCOG report is adjusted by the City of Farmers Branch finance department for businesses closed or moved prior to the reporting year.

Note:
(1) Employers with the same number of employees are ranked the same, which may result in the reporting of more than 10 employers.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

| | Full-time Equivalent Employees as of September 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Function/Program | | | | | | | | | | |
| General government | 62.85 | 62.85 | 66.01 | 65.65 | 72.14 | 73.60 | 74.21 | 69.31 | 69.14 | 70.56 |
| General administration | 6.00 | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 6.00 |
| Communications | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Economic development | 1.00 | 2.50 | 2.74 | 3.24 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 |
| Human resources | 6.00 | 5.00 | 6.00 | 7.00 | 7.00 | 7.47 | 6.47 | 7.75 | 7.75 | 6.75 |
| Finance | 24.00 | 24.00 | 25.18 | 23.48 | 24.48 | 28.24 | 29.38 | 18.21 | 18.21 | 18.73 |
| Innovation and technology | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.89 | 11.89 | 12.89 |
| Community services | 23.70 | 23.20 | 23.94 | 24.70 | 28.00 | 26.19 | 27.00 | 20.00 | 20.00 | 20.00 |
| Other | 0.15 | 0.15 | 0.15 | 0.23 | 2.66 | 1.70 | 1.36 | 1.46 | 1.29 | 2.19 |
| Public safety | 194.76 | 195.63 | 195.71 | 196.84 | 198.15 | 199.11 | 184.49 | 189.42 | 189.46 | 195.90 |
| Police | 113.00 | 115.04 | 115.04 | 115.04 | 116.32 | 115.85 | 100.85 | 102.60 | 102.60 | 104.60 |
| Fire | 79.67 | 78.50 | 78.58 | 78.60 | 78.19 | 79.37 | 79.38 | 82.70 | 82.70 | 88.70 |
| Other | 2.09 | 2.09 | 2.09 | 3.20 | 3.64 | 3.89 | 4.26 | 4.12 | 4.16 | 2.60 |
| Public works | 31.62 | 29.62 | 29.62 | 32.01 | 32.17 | 35.43 | 36.90 | 45.79 | 45.91 | 44.77 |
| Engineering | 9.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Public health/sustainability | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.17 | 20.17 | 20.17 |
| Public works | 20.00 | 27.00 | 27.00 | 28.00 | 31.00 | 34.17 | 35.17 | 24.00 | 24.00 | 24.00 |
| Other | 2.62 | 2.62 | 2.62 | 4.01 | 1.17 | 1.26 | 1.73 | 1.62 | 1.74 | 0.60 |
| Culture and recreation | 87.21 | 84.64 | 86.33 | 82.99 | 101.91 | 103.35 | 103.77 | 106.99 | 101.52 | 110.97 |
| Parks | 84.47 | 82.47 | 83.91 | 80.43 | 98.86 | 98.80 | 99.81 | 102.87 | 97.45 | 105.01 |
| Tourism | 1.07 | 0.50 | 0.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other | 1.67 | 1.67 | 1.67 | 2.56 | 3.05 | 4.55 | 3.96 | 4.12 | 4.07 | 5.96 |
| Water and sewer | 20.75 | 21.66 | 21.88 | 25.88 | 27.17 | 27.76 | 27.89 | 27.88 | 27.93 | 27.51 |
| Water and sewer | 20.75 | 21.66 | 21.88 | 25.88 | 26.46 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.71 | 0.76 | 0.89 | 0.88 | 0.93 | 0.51 |
| Fleet & Facilities | 0.94 | 0.94 | 0.94 | 1.47 | 0.24 | 0.31 | 0.27 | 0.27 | 0.28 | 0.62 |
| Fleet & Facilities | 0.94 | 0.94 | 0.94 | 1.47 | 0.24 | 0.31 | 0.27 | 0.27 | 0.28 | 0.62 |
| Total | 398.13 | 395.34 | 400.49 | 404.84 | 431.78 | 439.56 | 427.53 | 439.66 | 434.24 | 450.33 |

Source: City of Farmers Branch Finance Department

Notes: Information is reported from amended budgets. In 2018, Innovation & Technology was separated from Finance and Public Health & Sustainability was separated from Public Works.

CITY OF FARMERS BRANCH, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

| | Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Public safety | | | | | | | |
| Police | | | | | | | |
| Number of authorized full-time employees | 110 | 112 | 112 | 112 | 113 | 113 | 98 |
| Number of authorized sworn officers | 75 | 74 | 74 | 74 | 74 | 74 | 74 |
| Number of violations (citations) | 16,068 | 16,537 | 14,124 | 15,629 | 13,332 | 10,948 | 13,095 |
| Fire | | | | | | | |
| Number of authorized full-time employees | 79 | 78 | 78 | 78 | 78 | 79 | 79 |
| Number of EMS runs | 2,168 | 2,234 | 2,470 | 2,357 | 2,589 | 2,887 | 2,878 |
| Number of fire runs | 1,482 | 1,468 | 1,552 | 1,495 | 1,601 | 1,823 | 1,759 |
| Public works | | | | | | | |
| Street reconstruction (lane-miles) | 0.7 | 0.5 | 0.0 | 0.0 | 1.4 | 1.2 | 2.8 |
| Street resurfacing (lane-miles) | 0.0 | 0.0 | 0.0 | 2.9 | 22.0 | 9.6 | 1.0 |
| Culture and recreation | | | | | | | |
| Parks | | | | | | | |
| Recreation memberships sold (basic) | 1,571 | 1,376 | 1,286 | 824 | 1,347 | 1,364 | 1,442 |
| Recreation memberships sold (fitness) | 944 | 966 | 1,015 | 813 | 1,019 | 1,055 | 1,059 |
| Total pool admissions (1) | 10,792 | 9,457 | 8,446 | 0 | 51,547 | 40,963 | 61,847 |
| Visits to Historical Park | 78,002 | 61,288 | 86,309 | 60,406 | 85,799 | 95,847 | 109,785 |
| Library | | | | | | | |
| Volumes borrowed | 247,676 | 360,582 | 347,092 | 352,076 | 343,592 | 303,513 | 274,219 |
| Volumes in library collection | 138,959 | 135,345 | 131,452 | 135,173 | 137,586 | 136,953 | 132,602 |
| Water and sewer | | | | | | | |
| Average daily water consumption (thousands of gallons) | 8,754 | 8,354 | 7,718 | 7,458 | 7,743 | 8,048 | 7,084 |
| Number of water consumers | 9,472 | 9,492 | 9,572 | 9,628 | 9,729 | 9,770 | 9,770 |
| Total water purchased (thousands of gallons) | 3,195,188 | 3,049,124 | 2,817,138 | 2,722,003 | 2,826,124 | 2,937,377 | 2,585,683 |
| Total waste water consumption (thousands of gallons) | 1,164,875 | 1,181,322 | 1,121,936 | 1,172,130 | 1,300,202 | 1,732,552 | 1,712,000 |

Sources: Various City departments.

(1) Total pool admissions have been restated for fiscal years 2015 and 2016 to include all pool admissions; previously, only daily-pass holders were included in the count. For the period ending 2020, the Aquatics Center ceased operations beginning March 13 and reopened June 15 to the public at 50% capacity in light of the COVID-19 pandemic.

TABLE 16

| Fiscal Year | | |
|---|---|---|
| 2018 | 2019 | 2020 |
| | | |
| 100 | 100 | 102 |
| 76 | 76 | 78 |
| 11,612 | 12,111 | 5,262 |
| | | |
| 82 | 82 | 88 |
| 2,854 | 2,933 | 2,883 |
| 1,843 | 2,026 | 2,142 |
| | | |
| 0.0 | 0.1 | 0.0 |
| 11.5 | 4.7 | 7.3 |
| | | |
| 1,866 | 1,409 | 936 |
| 1,191 | 1,112 | 1,696 |
| 68,309 | 82,857 | 32,452 |
| 102,413 | 32,013 | 19,549 |
| | | |
| 191,735 | 177,901 | 139,239 |
| 116,238 | 116,093 | 90,711 |
| | | |
| 7,901 | 7,560 | 7,617 |
| 9,937 | 10,182 | 10,477 |
| 2,883,997 | 2,759,506 | 2,780,257 |
| 1,549,501 | 1,594,644 | 1,666,056 |

CITY OF FARMERS BRANCH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General government | | | | | | |
| Number of general government buildings | 1 | 1 | 1 | 1 | 1 | 1 |
| Public safety | | | | | | |
| Number of fire stations | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of patrol units | 16 | 16 | 15 | 15 | 15 | 15 |
| Number of police stations | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works | | | | | | |
| Landfill capacity (million cubic yards) | 24.5 | 24.5 | 24.5 | 24.5 | 24.5 | 24.5 |
| Number of traffic signals | 58 | 58 | 58 | 55 | 55 | 55 |
| Streets (lane miles) (1) | 411 | 411 | 411 | 411 | 411.5 | 412.0 |
| Culture and recreation | | | | | | |
| Number of aquatic centers (2) | 1 | 1 | 1 | 0 | 1 | 1 |
| Number of historical parks | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of parks | 31 | 31 | 31 | 31 | 31 | 31 |
| Number of playgrounds | 13 | 13 | 13 | 13 | 13 | 13 |
| Number of recreation centers | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of senior centers | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks acreage | 392 | 392 | 392 | 392 | 392 | 392 |
| Utilities | | | | | | |
| Number of fire hydrants | 2,018 | 2,085 | 2,012 | 2,012 | 2,041 | 2,093 |
| Sanitary sewers (miles) | 158.0 | 162.0 | 162.0 | 165.9 | 166.0 | 152.9 |
| Storage capacity (millions of gallons) | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 |
| Storm sewers (miles) (1) | 104 | 104 | 104 | 104 | 112 | 112 |
| Water mains (miles) | 210.0 | 203.0 | 203.0 | 206.6 | 206.6 | 201.3 |

Sources: Various City departments.

Note:

(1) Total street and storm sewer miles were reduced in 2020 due to enhanced GIS information and the removal of streets and storm sewer miles that became private property.

(2) The City's pool was demolished in 2014 and construction of a new aquatics center began in 2014. Construction of the aquatics center was completed in 2015.

| Fiscal Year | | | |
|---|---|---|---|
| 2017 | 2018 | 2019 | 2020 |
| 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 |
| 19 | 19 | 19 | 19 |
| 1 | 1 | 1 | 1 |
| 53.2 | 53.2 | 53.2 | 53.2 |
| 55 | 56 | 58 | 59 |
| 413.1 | 420.5 | 427.1 | 405.0 |
| 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 |
| 28 | 28 | 28 | 28 |
| 13 | 13 | 13 | 13 |
| 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 |
| 450 | 450 | 450 | 450 |
| 2,171 | 2,229 | 2,267 | 2,373 |
| 162.8 | 166.7 | 170.3 | 174.0 |
| 21.5 | 21.5 | 21.5 | 21.5 |
| 112.5 | 118.2 | 119.3 | 102.1 |
| 202.4 | 211.3 | 215.0 | 220.6 |

SCHEDULE OF INSURANCE POLICIES IN FORCE
SEPTEMBER 30, 2020
(UNAUDITED)

| POLICY ISSUED BY | AM BEST RATING | POLICY NUMBER | POLICY PERIOD | COVERAGE | DEDUCTIBLES | LIABILITY LIMITS | |
|---|---|---|---|---|---|---|---|
| Texas Municipal League Intergovernment Risk Pool | A++ | 04687 | 10/1/2019 9/30/2020 | General Liability | $ 50,000 | $ 2,000,000 | |
| | | | | Real and Personal Property | 5,000 | 136,260,141 | |
| | | | | Auto Liability | 25,000 | 1,000,000 | |
| | | | | Auto Physical Damage | 2,500 | Per Schedule | |
| | | | | Law Enforcement Liability | 25,000 | 1,000,000 | |
| | | | | Errors & Omissions | 50,000 | 1,000,000 | |
| | | | | Mobile Equipment | 5,000 | 2,320,588 | |
| | | | | Workers' Compensation | N/A | 350,000 | *(SIR) |
| | | | | Animal Mortality and Theft | 25 | As scheduled. | |
| The Hartford Casualty Insurance Company | A+ | 61BSBHP5615 | 12/19/2019 12/19/2020 | Fidelity Bond for Finance Director | 2,500 | 250,000 | |
| Mid-Continent Casualty Company | A+ VIII | 04-TOP-000013512 | 10/1/2019 10/1/2020 | Pollution Liabilty | 5,000 | 1,000,000 | |
| QBE Ins Corporation | FSR=A, ICR=A+ | LGS02069-21 | 1/1/2020 12/31/2020 | Stop Loss Coverage | 150,000 | 1,000,000 | |
| AIG | A | 02-708-76-26 | 12/10/2019 12/10/2020 | Cyber Insurance | 100,000 (Retention) | 2,000,000 | |

Source: City of Farmers Branch Risk Manager

Notes: Claims Administrators - Workers' Compensation, TML Claims, 18601 LBJ Freeway, Suite 210, Town East Tower, Mesquite, Texas 75150.

TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | ACTUARIAL VALUE OF ASSETS (1) | ACTUARIAL ACCRUED LIABILITY (2) | FUNDED RATIO | UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) | ANNUAL COVERED PAYROLL (ACP) | UAAL AS A PERCENTAGE OF ACP | TOTAL TMRS REQUIRED CONTRIBUTION RATE | CURRENT SERVICE PORTION OF TMRS RATE | PRIOR SERVICE PORTION OF TMRS RATE | SUPPLEMENTAL DEATH PORTION OF TMRS RATE |
|---|---|---|---|---|---|---|---|---|---|---|
| 2011 (3) | $ 158,506,492 | $ 190,757,068 | 83.1% | $ 32,250,576 | $ 27,316,388 | 118.1% | 22.48% | 12.55% | 9.75% | 0.18% |
| 2012 | 167,716,459 | 198,231,012 | 84.6% | 30,514,553 | 25,307,120 | 120.6% | 19.26% | 12.43% | 6.71% | 0.12% |
| 2013 | 176,561,067 | 204,295,430 | 86.4% | 27,734,363 | 24,893,319 | 111.4% | 19.93% | 12.73% | 7.07% | 0.13% |
| 2014 (4) | 187,181,205 | 222,656,259 | 84.1% | 35,475,054 | 24,632,123 | 144.0% | 19.62% | 12.93% | 6.56% | 0.13% |
| 2015 | 197,669,030 | 227,880,390 | 86.7% | 30,211,360 | 25,406,973 | 118.9% | 19.09% | 9.57% | 9.39% | 0.13% |
| 2016 | 207,096,211 | 236,830,239 | 87.4% | 29,734,028 | 25,797,164 | 115.3% | 17.75% | 9.52% | 8.10% | 0.13% |
| 2017 | 215,338,872 | 246,516,870 | 87.4% | 31,177,998 | 26,888,911 | 116.0% | 18.37% | 10.17% | 8.07% | 0.13% |
| 2018 | 225,823,161 | 256,692,932 | 88.0% | 30,869,771 | 28,061,102 | 110.0% | 18.73% | 10.13% | 8.46% | 0.14% |
| 2019 | 235,040,764 | 267,981,904 | 87.7% | 32,941,140 | 28,575,894 | 115.3% | 18.62% | 10.03% | 8.46% | 0.13% |
| 2020 | 245,955,643 | 278,332,006 | 88.4% | 32,376,363 | 30,036,968 | 107.8% | 19.14% | 10.07% | 8.93% | 0.14% |

Source: Texas Municipal Retirement System

Notes:

(1) Actuarial value of assets is calculated using 10-year smoothing.

(2) As of December 31 of the preceding year, the date of the actuarial valuation. The actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method for fiscal years 2011 to 2013 and Entry Age Normal actuarial funding method for fiscal years 2014 to 2015. Fiscal year 2011 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2010.

(3) Fiscal years 2011 and forward include the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and Municipal Accumulation Fund, but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated CSARF returning both liabilities and assets for retirees to the respective employer accounts.

(4) Fiscal year 2014 includes an update to the mortality table used to determine the annuity purchase rate.

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# CONTINUING FINANCIAL DISCLOSURE SECTION
(Unaudited)

The Continuing Financial Disclosure Section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of the fiscal year ending on or after September 30, 1999. The financial tables that follow are updated through September 30, 2020, from the last debt issues that were sold March of 2020. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
(UNAUDITED)

| | | | |
|---|---|---|---|
| **2020/2021 Market Valuation Established by DCAD** | | | $ 7,595,772,440 |
| Less Exemptions/Reductions at 100% Market Value: | | | |
| Totally Exempt Parcels | | $ 538,647,310 | |
| Homestead | | 296,709,862 | |
| Freeport | | 197,935,581 | |
| Over 65 | | 175,514,555 | |
| Capped Value Loss | | 111,134,815 | |
| Agricultural | | 10,046,765 | |
| Disabled Persons | | 7,914,600 | |
| Veteran 100% Disabled | | 4,624,956 | |
| Disabled Veterans | | 885,500 | |
| Prorated Total Exempt | | 798,716 | |
| Under 500 | | 40,480 | |
| Pollution Control | | 90,005 | |
| Mineral Rights | | 1,400 | |
| Total Exemptions | | | 1,344,344,545 |
| **2020/2021 Net Taxable Assessed Valuation** | | | $ 6,251,427,895 |
| **City Funded Debt Payable from Ad Valorem Taxes** | | | $ 60,949,386 |
| Less: Self Supporting Debt | | | |
| Series 2011 General Obligation Refunding Bonds | (1) | | 3,236,879 |
| Series 2018 Certificates of Obligation - Landfill Project | (2) | | 3,459,407 |
| **Net General Obligation Debt Payable from Ad Valorem Taxes** | | | $ 54,253,100 |
| **General Obligation Interest and Sinking Fund** | | | 2,997,410 |
| **Ratio of Gross General Obligation Tax Debt to Taxable Assessed Valuation** | | | 0.975% |
| **Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation** | | | 0.868% |

| | |
|---|---|
| 2020 Estimated Population - | 41,848 |
| Per Capita Taxable Assessed Valuation - | $149,384 |
| Per Capita Funded Debt Payable from Ad Valorem Taxes - | $1,296 |

Notes:

(1) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under a Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

(2) This debt consists of the portion of the Certificates of Obligation, Series 2018, for the Camelot Landfill project which are expected to be self-supporting from an increase in royalty revenue and a sale of land at the landfill. If the City determines not to use these revenue sources, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations.

TAXABLE ASSESSED VALUATIONS BY CATEGORY
(UNAUDITED)

| | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single Family | $ 2,144,776,600 | 28.24% | $ 1,961,050,990 | 26.22% | $ 1,776,936,430 | 26.16% |
| Real, Residential, Multi-Family | 1,263,119,750 | 16.63% | 1,053,862,590 | 14.09% | 739,090,620 | 10.88% |
| Real, Vacant Lots/Tracts | 179,261,330 | 2.36% | 254,544,760 | 3.40% | 234,535,830 | 3.45% |
| Real, Commercial | 2,587,208,370 | 34.06% | 2,813,299,960 | 37.62% | 2,697,663,820 | 39.72% |
| Real, Industrial | 19,599,930 | 0.26% | 17,071,380 | 0.23% | 16,230,810 | 0.24% |
| Real, Oil, Gas, and Other Mineral Reserves | 1,400 | 0.00% | 1,400 | 0.00% | 1,400 | 0.00% |
| Real and Tangible Personal, Utilities | 100,293,170 | 1.32% | 100,848,930 | 1.35% | 100,775,320 | 1.48% |
| Tangible Personal, Commercial | 1,115,892,190 | 14.69% | 1,103,342,530 | 14.75% | 1,052,406,710 | 15.50% |
| Tangible Personal, Industrial | 185,619,700 | 2.44% | 174,059,610 | 2.33% | 173,918,870 | 2.56% |
| Total Appraised Value Before Exemptions | 7,595,772,440 | 100.00% | 7,478,082,150 | 100.00% | 6,791,559,810 | 100.00% |
| Less: Total Exemptions/Reductions | 1,344,344,545 | | 1,264,543,117 | | 1,215,922,636 | |
| Taxable Assessed Value | $ 6,251,427,895 | | $ 6,213,539,033 | | $ 5,575,637,174 | |

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single Family | $ 1,539,465,050 | 24.51% | $ 1,395,614,810 | 23.07% |
| Real, Residential, Multi-Family | 534,056,470 | 8.50% | 458,368,110 | 7.58% |
| Real, Vacant Lots/Tracts | 176,784,830 | 2.81% | 143,621,570 | 2.37% |
| Real, Commercial | 2,681,541,630 | 42.70% | 2,648,485,190 | 43.78% |
| Real, Industrial | 32,224,060 | 0.51% | 31,169,630 | 0.52% |
| Real, Oil, Gas, and Other Mineral Reserves | 1,400 | 0.00% | 1,400 | 0.00% |
| Real and Tangible Personal, Utilities | 106,363,970 | 1.69% | 100,864,550 | 1.67% |
| Tangible Personal, Commercial | 1,070,555,300 | 17.05% | 1,078,783,290 | 17.83% |
| Tangible Personal, Industrial | 139,690,840 | 2.22% | 192,833,620 | 3.19% |
| Total Appraised Value Before Exemptions | 6,280,683,550 | 100.00% | 6,049,742,170 | 100.00% |
| Less: Total Exemptions/Reductions | 1,178,697,953 | | 1,196,932,944 | |
| Taxable Assessed Value | $ 5,101,985,597 | | $ 4,852,809,226 | |

Notes:

Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District (DCAD) to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

VALUATION AND GENERAL OBLIGATION DEBT HISTORY
(UNAUDITED)

| FISCAL YEAR | ESTIMATED POPULATION (1) | TAXABLE ASSESSED VALUATION | TAXABLE ASSESSED VALUATION PER CAPITA (2) | G.O. TAX DEBT OUTSTANDING AT END OF YEAR (3) | RATIO OF G.O. TAX DEBT TO TAXABLE ASSESSED VALUATION (2) | G.O. TAX DEBT PER CAPITA (2)(3) |
|---|---|---|---|---|---|---|
| 2017 | 31,560 | $ 4,852,809,226 | $ 153,765 | $ 37,342,191 | 0.77% | $ 1,183 |
| 2018 | 31,590 | 5,101,985,597 | 161,506 | 59,135,530 | 1.16% | 1,872 |
| 2019 | 31,780 | 5,575,637,174 | 175,445 | 55,232,993 | 0.99% | 1,738 |
| 2020 | 41,848 | 6,213,539,033 | 148,479 | 60,949,386 | 0.98% | 1,456 |
| 2021 | 41,848 | 6,251,427,895 | 149,384 | 55,642,366 | 0.89% | 1,330 |

Notes:

(1) Based on North Central Texas Council of Governments original population estimates with the exception of the current fiscal year, which is a projection.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt Series 2010 General Obligation Refunding and Improvement Bonds (refunding portion), Taxable Series 2011 General Obligation Refunding Bonds, and Series 2018 Certificates of Obligation for the Camelot Landfill project.

TAX RATE, LEVY, AND COLLECTION HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | TAX RATE | GENERAL FUND | I & S FUND | TOTAL ADJUSTED TAX LEVY | % CURRENT COLLECTIONS | % TOTAL COLLECTIONS |
|---|---|---|---|---|---|---|
| 2016 | $ 0.6023 | $ 0.5139 | $ 0.0884 | $ 27,295,422 | 97.89% | 98.66% |
| 2017 | 0.6023 | 0.5153 | 0.0870 | 29,118,042 | 97.44% | 98.08% |
| 2018 | 0.6023 | 0.5177 | 0.0846 | 30,593,872 | 99.36% | 98.84% |
| 2019 | 0.5995 | 0.5167 | 0.0828 | 33,254,306 | 99.43% | 98.73% |
| 2020 | 0.5995 | 0.5273 | 0.0722 | 37,250,601 | 99.05% | 99.05% |

TEN LARGEST TAXPAYERS
FISCAL YEAR 2021
UNAUDITED

| TAXPAYER | NATURE OF PROPERTY | TAXABLE VALUE | PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE |
|---|---|---|---|
| Dallas International Parkway | Office Tower - Class A | $ 131,760,000 | 2.11% |
| Southern Glazers Wine and Spirits | Spirit and Wine Distribution | 127,178,850 | 2.03% |
| Jefferson Mercer Crossing | Real Estate Development | 108,324,940 | 1.73% |
| Royal TX Partners LLC | Real Estate - Office/Showroom | 102,000,000 | 1.63% |
| Galleria Mall Inv LP | Real Estate Development | 101,700,000 | 1.63% |
| EOS Properties at Providence Towers | Office Tower - Class A | 95,725,000 | 1.53% |
| 5005 LBJ Tower LLC | Office Tower - Class A | 86,895,390 | 1.39% |
| Mercer Acquisition LLC | Apartment Complex | 82,500,000 | 1.32% |
| Blue Fortress Holdings LLC | Real Estate Development | 75,500,000 | 1.21% |
| Lakeview at Parkside | Apartment Complex | 75,250,000 | 1.20% |
| | | $ 986,834,180 | 15.78% |

Source: Dallas County, "City Report of Property Value," City of Farmers Branch. The total certified taxable value for the 2020-21 fiscal year is $6,251,427,895.

TAX ADEQUACY
(UNAUDITED)

| | | |
|---|---|---|
| 2021 Principal and Interest Requirements (1) | $ | 6,640,430 |
| $0.1073 Tax Rate at 99% Collection Produces | | 6,640,704 |
| Average Annual Principal and Interest Requirements, 2021-2039 (1) | $ | 4,004,962 |
| $0.0648 Tax Rate at 99% Collection Produces | | 4,010,416 |
| Maximum Annual Net Principal and Interest Requirements, 2020 | $ | 6,415,260 |
| $0.1037 Tax Rate at 99% Collection Produces | | 6,417,903 |

Note:
(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation for the Camelot Landfill project.

CITY OF FARMERS BRANCH, TEXAS

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
(UNAUDITED)

| FISCAL YEAR | OUTSTANDING DEBT (1) PRINCIPAL | INTEREST | TOTAL | LESS SELF-SUPPORTING DEBT (2) | NET DEBT SERVICE REQUIREMENTS |
|---|---|---|---|---|---|
| 2021 | $ 4,662,020 | $ 1,978,410 | $ 6,640,430 | $ 1,843,182 | $ 4,797,248 |
| 2022 | 4,983,487 | 1,785,260 | 6,768,747 | 1,837,642 | 4,931,105 |
| 2023 | 5,142,596 | 1,577,677 | 6,720,273 | 1,801,310 | 4,918,963 |
| 2024 | 3,806,156 | 1,410,121 | 5,216,277 | 594,210 | 4,622,067 |
| 2025 | 3,498,343 | 1,280,891 | 4,779,234 | 591,836 | 4,187,398 |
| 2026-2030 | 16,616,481 | 4,706,192 | 21,322,673 | 592,081 | 20,730,592 |
| 2031-2035 | 14,871,745 | 2,070,217 | 16,941,962 | | 16,941,962 |
| 2036-2039 | 7,368,558 | 336,115 | 7,704,673 | | 7,704,673 |
| | $ 60,949,386 | $ 15,144,883 | $ 76,094,269 | $ 7,260,261 | $ 68,834,008 |

Notes:
(1) "General Obligation Bonds" do not include lease/purchase obligations. Debt includes premiums/discounts.

(2) Self-Supporting Debt: Taxable Series 2011 General Obligation Refunding Bonds [average life of issue - 7.714 years] and Series 2018 Certificates of Obligation for Camelot Landfill project [average life of issue - 7.797 years].

TABLE CD-7

| % OF PRINCIPAL RETIRED |
|---|
| 7.65% |
| 8.18% |
| 8.44% |
| 6.24% |
| 5.74% |
| 27.26% |
| 24.40% |
| 12.09% |
| 100.00% |

INTEREST AND SINKING FUND BUDGET PROJECTION
(UNAUDITED)

| | | | |
|---|---|---|---|
| Interest and Sinking Fund, 9/30/20 | | $ 2,997,410 | |
| Interest and Sinking Fund Tax Levy | | 4,562,200 | |
| Commercial Rent | | 600,000 | |
| Landfill Revenue | | 1,181,000 | |
| Estimated Investment Income | | | $ 9,340,610 |
| Less: Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/21 | (1) | | 1,843,182 |
| Estimated Balance 9/30/21 | | | $ 7,497,428 |

Note:
(1) Includes Taxable Series 2011 General Obligation Refunding Bonds and Series 2018 Certificates of Obligation portion for Camelot Landfill project. Debt includes premiums/discounts.

COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)

| | |
|---|---|
| Stars Center Revenues (1) | $ 600,000 |
| Landfill Revenues (2) | 1,181,000 |
| Less: Requirements for Taxable Series 2011 General Obligation Refunding Bonds | 599,212 |
| Less: Requirements for Series 2018 Certificates of Obligation for Camelot Landfill project | 1,243,970 |
| Deficit amount to be paid from available fund balance | $ (62,182) |

Notes:

(1) The Taxable Series 2011 General Obligation Refunding Bonds refunded Taxable Series 2004 Certificates of Obligation. The Taxable Series 2004 Certificates of Obligation were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars, L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. If the lease payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

(2) The Series 2018 Certificates of Oblgation related to the Camelot Landfill project is expected to be self-supported from an increase in royalty revenue from the landfill. If the landfill payments discontinue, the City will be required to assess an ad valorem tax for the payment of the bonds.

HOTEL/MOTEL TAX REVENUE
LAST TEN FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | HOTEL/MOTEL TAX REVENUE | NUMBER OF ROOMS |
|---|---|---|
| 2011 | $ 2,017,818 | 2,137 |
| 2012 | 1,932,530 | 2,137 |
| 2013 | 2,253,459 | 2,137 |
| 2014 | 2,396,399 | 2,137 |
| 2015 | 2,728,631 | 2,137 |
| 2016 | 2,959,667 | 2,137 |
| 2017 | 2,892,655 | 2,137 |
| 2018 | 2,849,666 | 1,957 |
| 2019 | 3,115,374 | 2,146 |
| 2020 | 1,794,067 | 2,272 |

HOTEL OCCUPANCY TAXPAYERS
SEPTEMBER 30, 2020
(UNAUDITED)

| HOTEL | NUMBER OF ROOMS | TAXES PAID | % OF TOTAL |
|---|---|---|---|
| Omni Dallas Hotel @ Park West | 337 | $ 400,999 | 22.35% |
| Sheraton Dallas Hotel by the Galleria | 317 | 369,171 | 20.58% |
| Doubletree by Hilton Dallas Near the Galleria | 290 | 329,030 | 18.34% |
| Doubletree by Hilton Dallas-Farmers Branch | 160 | 200,879 | 11.20% |
| Holiday Inn Express | 104 | 111,466 | 6.21% |
| Motel 6 | 108 | 69,432 | 3.87% |
| Candlewood Suites | 86 | 60,629 | 3.38% |
| Wyndham Garden Dallas North | 350 | 53,467 | 2.98% |
| Comfort Inn & Suites (aka Parkside Hotel; formerly Fairfield Inn) | 106 | 51,216 | 2.85% |
| Econolodge Dallas Airport North | 112 | 38,192 | 2.13% |
| Days Inn North Dallas | 51 | 35,728 | 1.99% |
| Super 8 North Dallas | 51 | 34,540 | 1.93% |
| Extended Stay Hotels #6069 | 83 | 34,234 | 1.91% |
| Hampton Inn | 116 | 0 | 0.00% |
| Stripe Accounts | Varies | 4,974 | 0.28% |
| Lakeview at Parkside | 1 | 110 | 0.00% |
| | 2,272 | $ 1,794,067 | 100.00% |

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

| | FISCAL YEARS ENDED SEPTEMBER 30 | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 (1) | 2017 | 2016 |
| REVENUES: | | | | | |
| Program revenues: | | | | | |
| Charges for services | $ 13,114,957 | $ 16,947,249 | $ 14,497,565 | $ 10,968,502 | $ 10,129,251 |
| Operating grants and contributions | 2,177,925 | 516,444 | 719,367 | 600,602 | 349,473 |
| Capital grants and contributions | 5,920,245 | 10,004,978 | 6,471,947 | 560,197 | 253,844 |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | 30,636,546 | 27,431,177 | 25,617,820 | 24,509,410 | 22,191,443 |
| Property taxes, levied for debt service | 4,443,207 | 4,584,944 | 4,309,918 | 4,291,764 | 3,926,612 |
| Sales and use taxes | 17,164,707 | 17,410,323 | 14,618,441 | 13,936,336 | 13,639,841 |
| Hotel/motel taxes | 1,794,067 | 3,115,374 | 2,849,666 | 2,892,655 | 2,959,667 |
| Franchise taxes | 3,873,220 | 4,150,775 | 4,248,862 | 4,224,063 | 4,314,745 |
| Tax increment financing | 4,513,776 | 7,351,606 | 4,934,111 | 3,484,012 | 2,183,186 |
| Investment income | 2,393,143 | 2,935,658 | 1,787,154 | 1,447,475 | 1,664,659 |
| Gain on extinguishment of debt | 9,979,973 | | | | |
| Gain on sale/retirement | 2,280,136 | 35,918 | 17,136 | 59,927 | |
| Total revenues | 98,291,902 | 94,484,446 | 80,071,987 | 66,974,943 | 61,612,721 |
| EXPENSES: | | | | | |
| General government | 21,181,076 | 19,575,431 | 16,174,829 | 16,573,789 | 14,578,536 |
| Public safety | 29,902,691 | 29,155,722 | 25,966,603 | 26,982,151 | 25,223,791 |
| Public works | 12,899,719 | 13,841,348 | 12,433,845 | 304,447 | 9,262,380 |
| Culture and recreation | 14,243,692 | 15,349,830 | 13,864,483 | 14,415,728 | 14,084,036 |
| Interest on long-term debt | 1,823,611 | 3,474,315 | 2,812,608 | 2,217,026 | 2,359,900 |
| Unallocated depreciation | 185,799 | 246,659 | 272,867 | 277,305 | 273,962 |
| Total expenses | 80,236,588 | 81,643,305 | 71,525,235 | 60,770,446 | 65,782,605 |
| Change in net position before transfers | 18,055,314 | 12,841,141 | 8,546,752 | 6,204,497 | (4,169,884) |
| Transfers | 11,947,117 | 2,270,926 | 4,227,900 | 3,616,184 | 4,174,000 |
| Change in net position | 30,002,431 | 15,112,067 | 12,774,652 | 9,820,681 | 4,116 |
| Net position--beginning | 108,365,980 | 93,253,913 | 80,479,261 | 73,535,259 | 73,531,143 |
| Net position--ending | $ 138,368,411 | $ 108,365,980 | $ 93,253,913 | $ 83,355,940 | $ 73,535,259 |

(1) The fiscal year 2018 governmental activities (Net position - beginning) were restated with implementation of GASB Statements 75 to record a beginning net OPEB liability and deferred outflow of resources for contributions made between the measurement date and fiscal year end.

GENERAL FUND REVENUE AND EXPENDITURE HISTORY
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

| | FISCAL YEARS ENDED SEPTEMBER 30 | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| REVENUES | | | | | |
| Property, sales, and franchise taxes | $ 51,521,257 | $ 48,874,564 | $ 44,470,529 | $ 42,287,059 | $ 40,260,831 |
| Licenses and permits | 2,883,283 | 3,712,038 | 5,016,007 | 2,024,453 | 1,427,801 |
| Charges for services | 7,056,305 | 7,528,129 | 6,257,776 | 5,487,380 | 5,407,761 |
| Fines and forfeitures | 1,560,596 | 1,969,185 | 1,821,404 | 2,253,046 | 2,255,213 |
| Investment income | 1,026,467 | 1,198,165 | 811,617 | 677,892 | 733,970 |
| Intergovernmental | | | 250,000 | 150,000 | 150,000 |
| Miscellaneous | 63,699 | 91,213 | 119,488 | 239,474 | 66,178 |
| Total revenues | 64,111,607 | 63,373,294 | 58,746,821 | 53,119,304 | 50,301,754 |
| EXPENDITURES | | | | | |
| General government | 18,300,051 | 14,796,687 | 13,176,510 | 14,056,036 | 13,259,030 |
| Public safety | 28,555,541 | 25,706,131 | 24,612,190 | 24,668,699 | 23,309,501 |
| Public works | 9,623,549 | 9,183,961 | 8,609,423 | 7,624,993 | 6,898,308 |
| Culture and recreation | 11,275,025 | 11,845,713 | 11,156,834 | 11,121,976 | 11,013,500 |
| Total expenditures | 67,754,166 | 61,532,492 | 57,554,957 | 57,471,704 | 54,480,339 |
| Deficiency of revenues under expenditures | (3,642,559) | 1,840,802 | 1,191,864 | (4,352,400) | (4,178,585) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 4,787,700 | 4,714,300 | 5,203,200 | 6,604,107 | 5,748,574 |
| Transfers out | (3,875,700) | (3,066,200) | (1,820,000) | (1,125,000) | (1,485,000) |
| Sale of capital assets/insurance recoveries | 2,614,178 | 128,124 | 1,170,523 | 315,166 | 87,438 |
| Total other financing sources | 3,526,178 | 1,776,224 | 4,553,723 | 5,794,273 | 4,351,012 |
| Net change in fund balance | (116,381) | 3,617,026 | 5,745,587 | 1,441,873 | 172,427 |
| Fund balances--beginning | 23,693,091 | 20,076,065 | 14,330,478 | 12,888,605 | 12,716,178 |
| Fund balances--ending | $ 23,576,710 | $ 23,693,091 | $ 20,076,065 | $ 14,330,478 | $ 12,888,605 |

MUNICIPAL SALES TAX HISTORY
LAST FIVE FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | TOTAL COLLECTED | % OF AD VALOREM TAX LEVY | EQUIVALENT OF AD VALOREM TAX RATE | PER CAPITA |
|---|---|---|---|---|
| 2016 | $ 13,639,841 | 49.89% | $ 0.3005 | $ 447.50 |
| 2017 | 13,936,336 | 47.68% | 0.2872 | 441.58 |
| 2018 | 14,618,441 | 47.57% | 0.2865 | 462.76 |
| 2019 | 17,410,323 | 52.09% | 0.3123 | 547.84 |
| 2020 | 17,164,707 | 46.08% | 0.2762 | 410.17 |

The sales tax breakdown for the City is as follows:

| | |
|---|---|
| Dallas Area Rapid Transit (DART) | 1.00¢ |
| City Sales and Use Tax | 1.00¢ |
| State Sales and Use Tax | 6.25¢ |
| Total | 8.25¢ |

CURRENT INVESTMENTS
SEPTEMBER 30, 2020
(UNAUDITED)

| DESCRIPTION OF INVESTMENT | % OF PORTFOLIO | PURCHASE PRICE | MARKET VALUE |
|---|---|---|---|
| Federal Home Loan Bank Notes | 15.94% | $ 12,496,370 | $ 12,498,639 |
| Municipal Obligations | 36.99% | 28,794,060 | 29,003,012 |
| TexPool | 47.07% | 36,905,374 | 36,905,374 |
| | 100.00% | $ 78,195,804 | $ 78,407,025 |

HISTORICAL WATER AND WASTEWATER USAGE
LAST FIVE FISCAL YEARS
(UNAUDITED)

| FISCAL YEAR | WATER USAGE AMOUNT IN GALLONS (000) TOTAL CONSUMPTION | PEAK DAY | AVERAGE DAY | WASTE WATER CONSUMPTION AMOUNT IN GALLONS (000) TOTAL USAGE |
|---|---|---|---|---|
| 2011 | 3,195,188 | 14,473 | 8,754 | 1,164,875 |
| 2012 | 3,049,124 | 16,075 | 8,354 | 1,181,322 |
| 2013 | 2,817,138 | 15,591 | 7,718 | 1,121,936 |
| 2014 | 2,722,003 | 15,017 | 7,458 | 1,172,130 |
| 2015 | 2,826,124 | 16,822 | 7,743 | 1,300,202 |
| 2016 | 2,937,377 | 13,105 | 8,048 | 1,732,552 |
| 2017 | 2,585,683 | 12,800 | 7,084 | 1,712,000 |
| 2018 | 2,883,997 | 13,962 | 7,901 | 1,549,501 |
| 2019 | 2,759,506 | 15,687 | 7,560 | 1,594,644 |
| 2020 | 2,780,257 | 13,428 | 7,617 | 1,666,056 |

Note: Total consumption represents total gallons of water purchased by the City.

TOP TEN WATER CONSUMERS
SEPTEMBER 30, 2020
(UNAUDITED)

| CONSUMER | TYPE OF INDUSTRY | 2019-20 CONSUMPTION (GALLONS) | % OF TOTAL CONSUMPTION | 2019-20 REVENUES | % OF REVENUES |
|---|---|---|---|---|---|
| Qorvo Texas LLC | Real Estate | 46,288,000 | 1.7% | $ 353,393 | 2.0% |
| Billingsley Prop Serv II, Inc | Real Estate | 28,943,000 | 1.0% | 262,315 | 1.5% |
| FB Creek Partners (Cooks Creek Apts) | Multi-Family Housing | 28,856,000 | 1.0% | 224,117 | 1.3% |
| Dallas County Community College | Education | 27,689,000 | 1.0% | 152,009 | 0.9% |
| Royal Texas Partners LLC | Multi-Family Housing | 27,034,000 | 1.0% | 253,646 | 1.5% |
| C C Villa Gardens LLC | Multi-Family Housing | 25,065,000 | 0.9% | 175,873 | 1.0% |
| DFW Mercer Apartments LLC | Multi-Family Housing | 24,556,000 | 0.9% | 216,779 | 1.3% |
| Boxer F2 LP | Multi-Family Housing | 20,647,000 | 0.7% | 161,565 | 0.9% |
| Lakeview at Parkside | Multi-Family Housing | 20,473,000 | 0.7% | 232,445 | 1.3% |
| Fenton Mercer Hold Co | Real Estate | 20,316,000 | 0.7% | 155,742 | 0.9% |

Source: City of Farmers Branch Finance Department

MONTHLY WATER AND SEWER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

| | WATER RATES | | | | SEWER RATES | | |
|---|---|---|---|---|---|---|---|
| | MONTHLY | RATE PER 1,000 GALLONS | | | MONTHLY | RATE PER 1,000 GALLONS | |
| FISCAL YEAR | BASE 2,000 GALLONS | NEXT 8,000 GALLONS | NEXT 10,000 GALLONS | OVER 20,000 GALLONS | BASE 2,000 GALLONS | NEXT 8,000 GALLONS (1) | OVER 10,001 GALLONS (1) |
| 2011 | $ 11.69 | $ 3.17 | $ 3.57 | $ 3.71 | $ 12.22 | $ 1.66 | $ 1.66 |
| 2012 | 11.69 | 3.17 | 3.57 | 3.71 | 12.22 | 1.66 | 1.66 |
| 2013 | 12.04 | 3.27 | 3.68 | 3.82 | 12.59 | 1.71 | 1.71 |
| 2014 | 12.76 | 3.47 | 3.90 | 4.05 | 13.35 | 1.81 | 1.81 |
| 2015 | 14.29 | 3.89 | 4.37 | 4.54 | 14.95 | 2.03 | 2.03 |
| 2016 | 16.44 | 4.47 | 5.03 | 5.22 | 17.19 | 2.33 | 2.33 |
| 2017 | 17.92 | 4.87 | 5.48 | 5.69 | 18.74 | 2.54 | 2.54 |
| 2018 | 19.75 | 5.40 | 6.05 | 6.30 | 20.65 | 2.80 | 3.80 |
| 2019 | 20.94 | 5.72 | 6.41 | 6.68 | 21.89 | 2.97 | 4.03 |
| 2020 | 21.99 | 6.01 | 6.73 | 7.01 | 22.99 | 3.12 | 4.23 |

Notes:
Rates are based on 3/4" and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.
(1) Private residents are not charged for sewer beyond 10,000 gallons.

CONDENSED STATEMENT OF WATER AND SEWER SYSTEM OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30
(UNAUDITED)

| | FISCAL YEARS ENDED SEPTEMBER 30 | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| REVENUES | | | | | |
| Charges for services | $ 26,312,327 | $ 24,264,193 | $ 23,719,987 | $ 19,943,106 | $ 18,487,283 |
| Investment income | 188,591 | 228,282 | 72,068 | 32,834 | 28,760 |
| Miscellaneous | 16,355 | 35,886 | 98,751 | 20,069 | 298,127 |
| Total revenues | 26,517,273 | 24,528,361 | 23,890,806 | 19,996,009 | 18,814,170 |
| EXPENSES | | | | | |
| Personal services | 2,263,041 | 2,310,746 | 2,004,824 | 2,169,120 | 2,083,890 |
| Materials and supplies | 256,041 | 277,884 | 267,072 | 251,666 | 237,884 |
| Maintenance and utilities | 1,198,884 | 1,415,092 | 1,512,971 | 1,424,595 | 1,792,642 |
| Purchase of water | 5,424,919 | 5,343,572 | 6,084,328 | 5,598,144 | 5,414,578 |
| Sewage treatment | 4,188,084 | 4,511,094 | 4,833,069 | 4,260,938 | 3,125,687 |
| Total expenses | 13,330,969 | 13,858,388 | 14,702,264 | 13,704,463 | 12,654,681 |
| Net available for debt service | $ 13,186,304 | $ 10,669,973 | $ 9,188,542 | $ 6,291,546 | $ 6,159,489 |
| CUSTOMERS | 10,477 | 10,182 | 9,937 | 9,770 | 9,770 |

Notes:
The above calculation of amounts available for payment of system debt service excludes non-cash expenses such as depreciation and amortization. Debt service payments are also excluded. Certain nonoperating revenue sources, principally investment income, are included.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
(UNAUDITED)

| PURPOSE | DATE AUTHORIZED | AMOUNT AUTHORIZED | AMOUNT PREVIOUSLY ISSUED | UNISSUED BALANCE |
|---|---|---|---|---|
| Infrastructure | 11/07/2017 | $ 4,000,000 | $ 4,000,000 | $ |
| Parks & Open Space | 11/07/2017 | 7,000,000 | 7,000,000 | |
| Neighborhood Dev | 11/07/2017 | 4,000,000 | 4,000,000 | |
| | | $ 15,000,000 | $ 15,000,000 | $ |